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ZALL卓尔智联

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)

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF GUARANTEES AND MORTGAGES

Reference is made to the announcement of the Company dated 30 December 2022 (the “**Disposal Announcement**”) in relation to, among others, the provision of Guarantees and Mortgages in favour of the Guaranteed Parties in respect of Outstanding Loans.

On 23 December 2024, the parties under Guarantee Agreement A and Guarantee Agreement B have agreed to extend the term of the guarantee thereunder pursuant to the Extension Agreements. Prior to such extension and since 30 December 2022, the terms of other Guarantees and Mortgages have also been extended.

LISTING RULES IMPLICATIONS

The Guaranteed Parties are associated with each other, as such, the transactions under the provision of the Guarantees and Mortgages should be aggregated for disclosure in accordance with Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the Guarantees and Mortgages provided by the Group to the Guaranteed Parties, is more than 5% but less than 25%, the provision of the Guarantees and Mortgages constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the Shareholders’ approval requirement under the Listing Rules.

BACKGROUND

Reference is made to the Disposal Announcement in relation to, among others, the provision of Guarantees and Mortgages in favour of the Guaranteed Parties in respect of Outstanding Loans.

On 23 December 2024, the parties under Guarantee Agreement A and Guarantee Agreement B have agreed to extend the term of the guarantee thereunder pursuant to the Extension Agreements. Prior to such extension and since 30 December 2022, the terms of other Guarantees and Mortgages have also been extended. The terms of the Guarantees have been extended in accordance with the extension of the repayment period of the underlying loans.

The Guaranteed Parties are associated with each other, as such, the transactions under the provision of the Extended Guarantees and Mortgages should be aggregated for disclosure in accordance with Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the Guarantees and Mortgages provided by the Group to the Guaranteed Parties, is more than 5% but less than 25%, the provision of the Guarantees and Mortgages constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

As at 23 December 2024, the Guaranteed Parties had Outstanding Loans in the principal amount of approximately RMB293.2 million.

Extension Agreements

The major terms of the Extension Agreements are as follows:

Extension Agreement A:

Date	:	23 December 2024
Parties	:	(i) Zall Development Tianjin (the borrower) (ii) Zall Smart Wuhan and North Hankou Commercial (the guarantors) (iii) Tianjin Hexi branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司天津河西支行) (the lender)
Scope	:	Extension of the repayment of Guarantee Agreement A's underlying loan between the borrower and the lender for a period of three years. The guarantees provided by the guarantors under Guarantee Agreement A in favour of the borrower are extended accordingly.

Extension Agreement B:

Date	:	23 December 2024
Parties	:	(i) Zall Development Tianjin (the borrower) (ii) North Hankou Commercial (the guarantors) (iii) Tianjin Hexi branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司天津河西支行) (the lender)
Scope	:	Extension of the repayment of Guarantee Agreement B's underlying loans between the borrower and the lender for a period of three years. The guarantees provided by the guarantors under Guarantee Agreement B in favour of the borrower are extended accordingly.

Indemnity agreements

The Group, Wuhan Huashang Shidai, Zall Development Tianjin and Tianjin Zall Management entered into the Indemnity Agreements 1 on 30 December 2022 and subsequently renewed upon renewal/refinancing of the respective underlying loans, pursuant to which Zall Development Tianjin and Tianjin Zall Management agreed to pay the Guarantee Fees to the Group of 2.0% per annum of the Outstanding Loans balances of the Guarantees and Mortgages until the repayment date of the respective Outstanding Loans. As disclosed in the Disposal Announcement, pursuant to the Indemnity Agreements 1, Wuhan Huashang Shidai also agreed to (i) provide to the Group a back-to-back guarantee regarding the Outstanding Loans; (ii) provide a guarantee for the due performance of the payment obligations of Zall Development Tianjin and Tianjin Zall Management regarding the Guarantee Fees; and (iii) fully indemnify the Group's obligations, including all fees paid and costs suffered by the Group, in relation to the Guarantees and Mortgages.

The Group, Zall Development Tianjin and Tianjin Zall City Development entered into the Indemnity Agreement 2 on 27 June 2024, pursuant to which Tianjin Zall City Development agreed to pay the Guarantee Fees to the Group of 2.0% per annum of the Outstanding Loans balances of the Guarantees and Mortgages until the repayment date of the Outstanding Loans. Pursuant to the Indemnity Agreement 2, Zall Development Tianjin also (i) provides to the Group a back-to-back guarantee regarding the Outstanding Loan; (ii) provides a guarantee for the due performance of the payment obligations of Tianjin Zall City Development regarding the Guarantee Fees; and (iii) fully indemnify the Group's obligations, including all fees paid and costs suffered by the Group, in relation to the Guarantees and Mortgages.

PROVISION OF GUARANTEES AND MORTGAGES

Major terms of the Guarantees and Mortgages provided by the Group in favour of the Guaranteed Parties which remained outstanding as at 23 December 2024 are as follows:

Guarantee Agreement A:

- Date of grant : 17 July 2015
- Parties : (i) Zall Development Tianjin (as the guaranteed party)
- (ii) Zall Smart Wuhan and North Hankou Commercial (as the guarantors)
- (iii) Tianjin Hexi branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司天津河西支行) (as the lender)
- Scope of guarantee : The guarantors agreed to provide guarantee in the amount of approximately RMB118.1 million (being the outstanding loan amount as at the date of this announcement) in favour of the lender for the due performance of the repayment obligations of Zall Development Tianjin regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.
- Term of guarantee : Three years from the next day of repayment due date of 12 June 2028.

Guarantee Agreement B:

- Date of grant : 6 June 2014
- Parties : (i) Zall Development Tianjin (as the guaranteed party)
- (ii) North Hankou Commercial (as the guarantor)
- (iii) Tianjin Hexi branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司天津河西支行) (as the lender)

Scope of guarantee : The guarantor agreed to provide guarantee in the amount of approximately RMB54.2 million (being the outstanding loan amount as at the date of this announcement) in favour of the lender for the due performance of the repayment obligations of the Zall Development Tianjin regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.

Term of guarantee : Three years from next day of the repayment due date of 12 September 2026.

Guarantee Agreement C:

Date of grant : 23 March 2024

Parties : (i) Zall Development Tianjin (as the guaranteed party)

(ii) Zall Smart Wuhan and Wuhan Huashang Shidai (as the guarantors)

(iii) Tianjin Xiqing Bank of China Fullerton Rural Bank Co., Ltd.* (天津西青中銀富登村鎮銀行股份有限公司) (as the lender)

Scope of guarantee : The guarantors agreed to provide guarantee in the amount of approximately RMB8.5 million (being the outstanding loan amount as at the date of this announcement) in favour of the lender for the due performance of the repayment obligations of the Zall Development Tianjin regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.

Term of guarantee : Three years from the repayment due date of 22 March 2027.

Guarantee Agreement D:

Date of grant : 18 September 2023

Parties : (i) Tianjin Zall Management (as the guaranteed party)

(ii) Zall Smart Wuhan, Wuhan Huashang Shidai and Zall Development Tianjin (as the guarantors)

(iii) Tianjin Xiqing Bank of China Fullerton Rural Bank Co., Ltd.* (天津西青中銀富登村鎮銀行股份有限公司) (as the lender)

Scope of guarantee : The guarantors agreed to provide guarantee in the amount of approximately RMB12.0 million (being the outstanding loan amount as at the date of this announcement) in favour of the lender for the due performance of the repayment obligations of Tianjin Zall Management regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.

Term of guarantee : Three years from the repayment due date of 17 September 2025.

Guarantee Agreement E and Mortgage Agreement E:

Date of grant : 30 January 2024

Parties : (i) Tianjin Zall Management (as the guaranteed party)
(ii) Zall Smart Wuhan (as the guarantor)
(iii) North Hankou Commercial (as the mortgagor)
(iv) Tianjin Beichen Rural Bank Co., Ltd.* (天津市北辰村鎮銀行股份有限公司) (as the lender and mortgagee)

Scope of guarantee/
mortgage : The guarantor agreed to provide guarantee and the mortgagor agreed to pledge properties with gross site area of approximately 6,261.1 m² in respect of the outstanding loan amount as at the date of this announcement of approximately RMB25.5 million in favour of the lender for the due performance of the repayment obligations of Tianjin Zall Management regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.

Term of guarantee : Three years from the repayment due date of 29 January 2026.

Term of mortgage : Upon full repayment of outstanding loan balance.

Guarantee Agreement F and Mortgage Agreement F:

- Date of grant : 22 March 2023
- Parties : (i) Tianjin Zall Management (as the guaranteed party)
- (ii) Zall Smart Wuhan and Zall Development Tianjin (as the guarantors)
- (iii) North Hankou Commercial (as the mortgagor)
- (iv) Tianjin Xiqing branch of Bank of Ningxia Co., Ltd.* (寧夏銀行股份有限公司天津西青支行) (as the lender and mortgagee)
- Scope of guarantee/ mortgage : The guarantors agreed to provide guarantee and the mortgagor agreed to pledge properties with gross site area of approximately 7,163.5 m² in respect of the outstanding loan amount as at the date of this announcement of approximately RMB24.9 million in favour of the lender for the due performance of the repayment obligations of Tianjin Zall Management regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.
- Term of guarantee : Three years from the repayment due date of 21 March 2025.
- Term of mortgage : Upon full repayment of outstanding loan balance.

Guarantee Agreement G and Mortgage Agreement G:

- Date of grant : 27 November 2016
- Parties : (i) Tianjin Zall City Development (as the guaranteed party)
- (ii) Zall Smart Wuhan (as the guarantor)
- (iii) North Hankou Commercial (as the mortgagor)
- (iv) Langfang Bank Co., Ltd.* (廊坊銀行股份有限公司) (as the lender and mortgagee)

- Scope of guarantee/
mortgage : The guarantor agreed to provide guarantee and the mortgagor agreed to pledge properties with gross site area of approximately 3,564.9 m² in respect of the outstanding loan amount as at the date of this announcement of approximately RMB50.0 million in favour of the lender for the due performance of the repayment obligations of Tianjin Zall City Development regarding the loan provided by the lender, including but not limited to the principal amount, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by the lender for the realisation of its claims.
- Term of guarantee : Three years from 31 December 2024.
- Term of mortgage : Upon full repayment of outstanding loan balance.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEES AND MORTGAGES

The terms of the Guarantees and Mortgages were previously negotiated with the respective banks when Zall Development Tianjin and its subsidiaries were held by the Group. The continuous provision of the Guarantees and Mortgages was one of the factors considered by Wuhan Huashang Shidai regarding the enter into the equity transfer agreement on 30 December 2022 with the Group (the “**Disposal**”). For details of the Disposal, please refer to the Disposal Announcement of the Company. Considering (i) the benefits of the Disposal as stated in the section of Reasons for and benefits of the disposal in the Disposal Announcement; and (ii) Wuhan Huashang Shidai and the Guaranteed Parties entered into the Indemnity Agreements 1 with the Group, the Group agreed to continuously provide the Guarantees and Mortgages upon completion of the Disposal. Pursuant to the Indemnity Agreements, in exchange for the provision of the Guarantees and Mortgages by the Group, the Guaranteed Parties agreed to pay the Guarantee Fees to the Group at 2.0% per annum of the outstanding loan balances of the Guarantees and Mortgages until the repayment date of the respective Outstanding Loans. Taking into account that income has been and is expected to be generated from the Guarantee Fees as a result of providing the Guarantees and Mortgages, the Guaranteed Parties bear the loan liabilities and Wuhan Huashang Shidai and Zall Development Tianjin provide a back-to-back guarantee and shall indemnify any costs incurred by the Group regarding the Guarantees and Mortgages in case of default of the Guaranteed Parties, the Directors (including the independent non-executive Directors) consider that the terms of the Guarantees and Mortgages (and the extension of its term) are on normal commercial terms and are fair and reasonable, and the provision of the Guarantees and Mortgages (and the extension of its term) are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the construction and operation of B2B e-commerce platforms for the trading of, among others, consumer goods, agricultural products, chemicals, plastic raw materials, and black and non-ferrous metals, and the provision of related services such as finance, logistics, cross-border trading, warehousing and supply chain management in the PRC. The Group is also engaged in the development and operation of large-scale, consumer product-focused wholesale shopping malls in the PRC.

Wuhan Huashang Shidai

Wuhan Huashang Shidai is a company established in the PRC with limited liability. It is principally engaged in the operation and management of shopping malls in the PRC.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of Wuhan Huashang Shidai and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

The guaranteed parties

Zall Development Tianjin is a company established in the PRC with limited liability and a wholly-owned subsidiary of Wuhan Huashang Shidai. Its principal business activity is property development and related services.

Tianjin Zall Management is a company established in the PRC with limited liability and a wholly-owned subsidiary of Zall Development Tianjin. It is principally engaged in investment holding and property development.

Tianjin Zall City Development is a company established in the PRC with limited liability and a wholly-owned subsidiary of Zall Development Tianjin. It is principally engaged in investment holding and property development.

The guarantors and mortgagors

Zall Smart Wuhan is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Zall Smart Wuhan is principally engaged in investment holding and property development.

North Hankou Commercial is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding and property development.

Zall Development Tianjin is a company established in the PRC with limited liability and a wholly-owned subsidiary of Wuhan Huashang Shidai. Its principal business activity is property development and related services.

The lenders and mortgagees

Tianjin Hexi branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司天津河西支行) is a licensed commercial bank in the PRC and provides a variety of financial services to corporate and personal banking customers.

Tianjin Xiqing Bank of China Fullerton Rural Bank Co., Ltd.* (天津西青中銀富登村鎮銀行股份有限公司) is a licensed commercial bank in the PRC and provides a variety of financial services to corporate and personal banking customers.

Tianjin Beichen Rural Bank Co., Ltd.* (天津市北辰村鎮銀行股份有限公司) is a licensed commercial bank in the PRC and provides a variety of financial services to corporate and personal banking customers.

Tianjin Xiqing branch of Bank of Ningxia Co., Ltd.* (寧夏銀行股份有限公司天津西青支行) is a licensed commercial bank in the PRC and provides a variety of financial services to corporate and personal banking customers.

Langfang Bank Co., Ltd.* (廊坊銀行股份有限公司) is a licensed commercial bank in the PRC and provides a variety of financial services to corporate and personal banking customers.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the lenders and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

LISTING RULES IMPLICATION

Each of Tianjin Zall Management and Tianjin Zall City Development is a wholly-owned subsidiary of Zall Development Tianjin, as such, they are associated with each other and the transactions under the Guarantees and Mortgages should be aggregated for disclosure in accordance with Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the aggregate amount of the Guarantees and Mortgages provided by the Group to the Guaranteed Parties, is more than 5% but less than 25%, the provision of the Guarantees and Mortgages constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2098)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Agreement A”	the agreement dated 23 December 2024 entered into among Zall Development Tianjin, Zall Smart Wuhan, North Hankou Commercial and Tianjin Hexi branch of Industrial and Commercial Bank of China Limited in relation to, among others, the extension of the guarantee term of Guarantee Agreement A
“Extension Agreement B”	the agreement dated 23 December 2024 entered into among Zall Development Tianjin, North Hankou Commercial and Tianjin Hexi branch of Industrial and Commercial Bank of China Limited in relation to, among others, the extension of the guarantee term of Guarantee Agreement B
“Extension Agreements”	Extension Agreement A and Extension Agreement B
“Group”	the Company and its subsidiaries
“Guarantee(s)”	the provision of guarantee(s) by the Group in relation to the Outstanding Loan(s)
“Guarantee Fee(s)”	the guarantee fees provided by the Guaranteed Party(ies) regarding the provision of Guarantees and Mortgages by the Group
“Guaranteed Party(ies)”	Zall Development Tianjin, Tianjin Zall Management and Tianjin Zall City Development, being the guaranteed party(ies) of the Guarantee(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indemnity Agreement(s) 1”	the indemnity agreement(s) entered into on 30 December 2022 and subsequently renewed upon renewal/refinancing of the respective underlying loans among the Group, Wuhan Huashang Shidai, Zall Development Tianjin and Tianjin Zall Management in relation to the continuous provision of the Guarantee(s) and Mortgage(s)

“Indemnity Agreement 2”	the indemnity agreement 2 dated 27 June 2024 entered into among the Group, Zall Development Tianjin and Tianjin Zall City Development in relation to the continuous provision of the Guarantee(s) and Mortgage(s).
“Indemnity Agreements”	Indemnity Agreement 1 and Indemnity Agreement 2 collectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage(s)”	the provision of mortgage(s) by the Group as security for the Outstanding Loan(s)
“North Hankou Commercial”	Wuhan North Hankou Commercial Market Investment Co., Ltd.* (武漢漢口北商貿市場投資有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Group
“Outstanding Loan(s)”	the outstanding bank loan(s) provided to the Guaranteed Parties by various banks in the principal amount of approximately RMB293.2 million as at the date of this announcement
“percentage ratio(s)”	has the same meaning and definition in the Listing Rules
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, shall exclude the Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Zall City Development”	Tianjin Zall City Development Co., Ltd.* (天津卓爾城發展有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Zall Development Tianjin
“Tianjin Zall Management”	Tianjin Zall E-commerce Mall Management Co., Ltd.* (天津卓爾電商城管理有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Zall Development Tianjin
“Wuhan Huashang Shidai”	Wuhan Huashang Shidai Group Co., Ltd.* (武漢華商時代集團有限公司), a company established under the laws of the PRC with limited liability

“Zall Development Tianjin”	Zall Development (Tianjin) Co., Ltd.* (卓爾發展(天津)有限公司), a company established in the PRC with limited liability, which was disposed to Wuhan Huashang Shidai pursuant to the equity transfer agreement dated 30 December 2022
“Zall Smart Wuhan”	Zall Smart Commerce Group Co., Ltd* (卓爾智聯集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 23 December 2024

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

* *For identification purposes only*