

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**SUPPLEMENTAL ANNOUNCEMENT
THE AUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to the announcement of Zall Smart Commerce Group Ltd. (the “**Company**”) dated 31 March 2021 in relation to the audited annual results announcement of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 (the “**2020 Annual Results Announcement**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2020 Annual Results Announcement.

The 2020 Annual Results have been reviewed by the Audit Committee and were approved by the Board on 31 March 2021.

**EXTRACT FROM THE INDEPENDENT AUDITORS’ REPORT TO BE ISSUED ON
THE GROUP’S CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2020**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to note 1(b) to the consolidated financial statements which indicates that the Group had net current liabilities of RMB3,668,271,000 as at 31 December 2020 and incurred net cash outflows from operating activities of RMB185,358,000 for the year then ended. As explained in note 1(b) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the ongoing support from the Group's bankers and financial institutions and the Group's ability to generate sufficient cash flows from future operations to cover the Group's operating costs and to meet its financing commitments. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Extract of note 1(b) to the consolidated financial statements

Basis of preparation of the financial statements

As at 31 December 2020, the Group had net current liabilities of RMB3,668,271,000 (31 December 2019: RMB2,405,018,000) and incurred net cash outflows from operating activities of RMB185,358,000 for the year then ended (2019: net cash inflows from operating activities of RMB113,216,000). The Group is dependent upon the financial support from the Group's bankers and financial institutions and its ability to generate sufficient cash flows from future operations to cover its operating costs and to meet its financing commitments. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its repayment obligations, as and when they fall due. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from sales of properties, supply chain management and trading business and rentals from investment properties to generate additional operating cash inflows and putting extra efforts on the collection of trade debtors to improve the debtor turnover days;

- the Group is actively and regularly reviewing its capital structure and will consider raising additional capital by issuing bonds or new shares, where appropriate;
- the Group may dispose of non-core business and assets to raise additional capital.

In addition, bank loans and loans from other financial institutions of RMB10,310,334,000 were guaranteed and/or secured by certain investment properties, investment properties under development, properties under development for sale, completed properties held for sale and other assets of the Group at 31 December 2020 (31 December 2019: RMB10,195,942,000). The Group considered it has sufficient collateral to support the roll-over or refinancing of such banking facilities when they fall due. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its overall property portfolio, including those properties that are currently not pledged.

If the above measures are successful, the Directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern.

AUDIT COMMITTEE REVIEW

The 2020 Annual Results have been reviewed and approved by the Audit Committee and the Audit Committee is of the opinion that the 2020 Annual Results comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2020.

Save as supplemented above, the contents in the 2020 Annual Results Announcement remain unchanged.

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

Hong Kong, 1 April 2021

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.