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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)

**ESTIMATED PROFIT DECREASE
FOR THE YEAR 2018**

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).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Group’s latest management accounts, it is expected that the Group may record a significant increase of over 1.2 times in the revenue and a decrease of 35% to 45% in the profit for the year ended 31 December 2018 as compared to those for the year ended 31 December 2017.

Based on information currently available to the Board, the Board considers that the significant increase in revenue was primarily attributable to (i) completion of the acquisition of 50.6% equity interest in Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) (“**Shenzhen Sinoagri**”) in June 2017, resulting in the consolidation of the financial results of Shenzhen Sinoagri for the full year ended 31 December 2018 as compared to the consolidation of the financial results of approximately six months upon completion of such acquisition in June 2017 during the year ended 31 December 2017; and (ii) completion of the acquisition of 52.48% equity interest in HSH International Inc. (“**HSH International**”) in March 2018, resulting in the consolidation of the financial results of HSH International since then.

The acquisitions of equity interest in Shenzhen Sinoagri and HSH International have driven a substantial growth in the revenue of the supply chain management business, trading and related value-added services of the Group (the “**Supply Chain Management and Trading Business**”), and also led to changes in the income portfolio of the Group. Nevertheless, as the Supply Chain Management and Trading Business is at initial development stage, it is expected that the Supply Chain Management and Trading Business will have a relatively low profit margin as compared to the other business segments of the Group and the revenue growth of the Supply Chain Management and Trading Business will not have significant impact on the Group’s profit for the year ended 31 December 2018. The Board also considers that the decrease

in profit was mainly due to the recognition of the net unrealized loss on listed equity securities held by the Group at the year ended 31 December 2018 of approximately RMB944.5 million, as compared to a net unrealized loss of RMB135.6 million for the year ended 31 December 2017.

The Company has yet to finalize the annual results of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the management accounts of the Group, 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 will also be affected by other factors such as professional valuation on Group's assets like goodwill and intangible assets resulted from acquisition of subsidiaries or associates for the year ended 31 December 2018. The actual results of the Group for the year ended 31 December 2018 may be different from disclosed herein.

The annual results announcement of the Company for the year ended 31 December 2018 is expected to be published by the end of March 2019.

Shareholders of the Company and potential investors 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, 31 January 2019

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

* *The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*