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)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Zall Smart Commerce Group Ltd. (the "**Company**" or "**Zall Smart**") dated 31 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**2019 Unaudited Annual Results Announcement**").

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2019 has been completed. As certain adjustments have been made to the unaudited annual results of the Group as contained in the 2019 Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed "Material Differences between 2019 Unaudited and Audited Annual Results" in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The audited consolidated results for the year ended 31 December 2019 together with the comparative figures extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2018 are as follows:

FINANCIAL HIGHLIGHTS

	2019	2018
	RMB'000	*RMB'000*
Revenue	**72,898,756**	56,116,072
Gross profit	**1,224,911**	1,559,600
Gross profit margin	**1.7%**	2.8%
Profit for the year	**57,519**	1,273,907
Earnings per share – Basic (RMB cents)	**0.79**	11.76
– Diluted (RMB cents)	**0.79**	11.75
Total non-current assets	**32,286,754**	28,820,778
Total current assets	**29,158,306**	24,260,340
Non-current assets held for sale	**44,179**	–
Total assets	**61,489,239**	53,081,118
Total non-current liabilities	**10,259,262**	9,817,742
Total current liabilities	**31,607,503**	23,654,563
Total liabilities	**41,866,765**	33,472,305
Net assets	**19,622,474**	19,608,813

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2019
(Expressed in Renminbi)

	Note	2019 RMB'000	2018 (Note) RMB'000
Revenue	3(a)	**72,898,756**	56,116,072
Cost of sales		**(71,673,845)**	(54,556,472)
Gross profit		**1,224,911**	1,559,600
Other net loss	4	**(756,289)**	(530,495)
Selling and distribution expenses		**(197,009)**	(213,657)
Administrative and other expenses		**(662,097)**	(760,769)
Impairment loss on trade and other receivables		**(246,229)**	(265,422)
Impairment loss on intangible assets		**(20,300)**	(152,824)
Impairment loss on goodwill		**(258,327)**	(461,028)
Loss from operations before changes in fair value of investment properties		**(915,340)**	(824,595)
Net valuation gain on investment properties		**2,533,075**	3,865,192
Profit from operations		**1,617,735**	3,040,597
Finance income	5(a)	**175,443**	206,000
Finance costs	5(a)	**(1,112,535)**	(697,151)
Share of net profits/(losses) of associates		**8,313**	(172,873)
Share of net losses of joint ventures		**(1,895)**	(2,343)
Impairment loss on investment in an associate		**–**	(26,155)
Profit before taxation	5	**687,061**	2,348,075
Income tax	6(a)	**(629,542)**	(1,074,168)
Profit for the year		**57,519**	1,273,907
Attributable to:			
Equity shareholders of the Company		**92,797**	1,371,304
Non-controlling interests		**(35,278)**	(97,397)
Profit for the year		**57,519**	1,273,907
Earnings per share (RMB cents)			
Basic	7	**0.79**	11.76
Diluted	7	**0.79**	11.75

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019
(Expressed in Renminbi)

	Note	**2019**	2018 *(Note)*
		RMB'000	*RMB'000*
Profit for the year		**57,519**	1,273,907
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycle)		**–**	(1,895)
Item that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate		**(1,450)**	–
Exchange differences on translation of:			
– financial statements of operations outside Mainland China		**8,220**	(20,793)
Other comprehensive income for the year		**6,770**	(22,688)
Total comprehensive income for the year		**64,289**	1,251,219
Attributable to:			
Equity shareholders of the Company		**98,237**	1,350,993
Non-controlling interests		**(33,948)**	(99,774)
Total comprehensive income for the year		**64,289**	1,251,219

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019
(Expressed in Renminbi)

	Note	2019 RMB'000	2018 (Note) RMB'000
Non-current assets			
Investment properties		**29,168,628**	25,456,399
Property, plant and equipment	*8*	**331,515**	314,300
Intangible assets		**715,058**	755,305
Goodwill		**990,637**	1,252,042
Interests in associates		**460,936**	467,588
Interests in joint ventures		**24,279**	25,519
Equity investment at fair value through other comprehensive income		**8,702**	8,702
Contract assets		**339,388**	329,876
Deferred tax assets		**247,611**	211,047
		32,286,754	28,820,778
Current assets			
Financial assets at fair value through profit or loss		**4,794,964**	4,785,355
Inventories		**5,833,647**	6,277,105
Prepaid taxes		**20,538**	12,017
Trade and other receivables	*9*	**11,733,935**	8,604,425
Amounts due from related parties		**820,919**	193,293
Fixed deposits with banks with original maturity over three months		**30,014**	203,287
Pledged bank deposits		**4,680,345**	3,066,232
Cash and cash equivalents		**1,243,944**	1,118,626
		29,158,306	24,260,340
Non-current assets held for sale		**44,179**	–
		29,202,485	24,260,340

	Note	2019 RMB'000	2018 (Note) RMB'000
Current liabilities			
Financial liabilities at fair value through profit or loss		**315,674**	142,327
Trade and other payables	10	**13,609,439**	11,006,540
Contract liabilities		**3,054,538**	1,835,718
Lease liabilities		**13,531**	–
Amounts due to related parties		**95,072**	956,391
Interest-bearing borrowings		**14,017,079**	9,255,114
Current taxation		**502,170**	452,480
Deferred income		**–**	5,993
		31,607,503	23,654,563
Net current (liabilities)/assets		**(2,405,018)**	605,777
Total assets less current liabilities		**29,881,736**	29,426,555
Non-current liabilities			
Interest-bearing borrowings		**4,473,534**	4,970,830
Deferred income		**8,612**	2,879
Lease liabilities		**12,190**	–
Amounts due to related parties		**373,230**	–
Financial liabilities at fair value through profit or loss		**–**	59,024
Deferred tax liabilities		**5,391,696**	4,785,009
		10,259,262	9,817,742
NET ASSETS		**19,622,474**	19,608,813
CAPITAL AND RESERVES	11		
Share capital		**32,733**	32,437
Reserves		**19,046,261**	18,747,155
Total equity attributable to equity shareholders of the Company		**19,078,994**	18,779,592
Non-controlling interests		**543,480**	829,221
TOTAL EQUITY		**19,622,474**	19,608,813

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise Zall Smart Commerce Group Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value set out below:

– equity investments at fair value through other comprehensive income and financial assets at fair value through profit or loss;

– investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;

– derivative financial instruments;

– contingent considerations recognised in business combinations; and

– convertible redeemable preference shares.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. Items included in the financial statements of each entity in the Group are measured using currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). Most of the companies comprising the Group are operating in the People's Republic of China ("PRC") and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2019, the Group had net current liabilities of RMB2,405,018,000 (31 December 2018: net current assets of RMB605,777,000). 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, which may indicates the existence of a material uncertainty on the Group's ability to continue as a going concern.

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 continue 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.

In addition, bank loans and loans from other financial institutions of RMB10,195,942,000 were secured by certain investment properties and investment properties under development at 31 December 2019. 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.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

a Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.75%.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	Capitalisation of operating lease contracts *RMB'000*	**Carrying amount at 1 January 2019** ***RMB'000***
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	314,300	25,875	**340,175**
Total non-current assets	28,820,778	25,875	**28,846,653**
Trade and other receivables	8,604,425	(1,240)	**8,603,185**
Total current assets	24,260,340	(1,240)	**24,259,100**
Trade and other payables	11,006,540	(247)	**11,006,293**
Lease liabilities (current)	–	9,623	**9,623**
Current liabilities	23,654,563	9,376	**23,663,939**
Net current assets	605,777	(10,616)	**595,161**
Total assets less current liabilities	29,426,555	15,259	**29,441,814**
Lease liabilities (non-current)	–	15,259	**15,259**
Total non-current liabilities	9,817,742	15,259	**9,833,001**
Net assets	19,608,813	–	**19,608,813**

b Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

c Lessor accounting

In addition to leasing out the investment property referred to in paragraph b above, the Group leases out a number of items of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are developing and operating of large-scale consumer product-focused wholesale shopping malls, and providing supply chain management and trading business, e-commerce services, financial services, warehousing and logistics services for the online and offline customers in PRC. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products or service lines		
– Revenue from sales of properties and related services	**127,363**	682,848
– Revenue from supply chain management and trading business	**71,748,471**	54,089,362
– Revenue from E-commerce and financial services business	**9,741**	106,055
– Revenue from construction contracts	**9,512**	5,014
– Others	**9,196**	31,340
	71,904,283	54,914,619
Revenue from other sources		
Gross rentals from investment properties		
– Lease payment that are fixed	**769,097**	740,888
Financing income	**160,886**	317,205
Others	**64,490**	143,360
	72,898,756	56,116,072

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii) respectively.

(ii) ***Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB767,646,000 (2018: RMB857,754,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and construction contracts entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in future when or as the work is completed or, in the case of the properties under development for sale, when the properties are accepted by the customer or deemed as accepted according to the contract (whichever is earlier), which is expected to occur over the next 1 to 24 months (2018: next 1 to 24 months).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods, such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by mixture of both business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property development and related services: this segment develops, sells and operates large-scale consumer product-focus wholesale shopping malls and provides related value-added business, such as warehousing and logistics.

– E-commerce and financial services: this segment provides financial services including supply chain finance, guarantees, financial leasing, factoring and assets management.

– Supply chain management and trading business: this segment operates trading of agricultural products, chemical materials, plastic raw materials, consumer goods, black and non-ferrous metals, etc., also provides trading related supply chain finance services.

(i) ***Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and joint ventures, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals, bills payable and lease liabilities attributable to the sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is the profit before finance costs, income tax, and are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of joint ventures and associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances, borrowings and derivative managed directly by the segments and depreciation to non-current segment assets used by the segments in their operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

	Property development and related services		**E-commerce and financial services**		**Supply chain management and trading**		**Total**	
	2019	2018 (Note)	**2019**	2018 (Note)	**2019**	2018 (Note)	**2019**	2018 (Note)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregation by timing of revenue recognition								
Point in time	**72,510**	613,637	**–**	106,055	**71,571,635**	54,089,362	**71,644,145**	54,809,054
Over time	**897,952**	958,473	**31,779**	58,285	**315,684**	258,920	**1,245,415**	1,275,678
Revenue from external customers	**970,462**	1,572,110	**31,779**	164,340	**71,887,319**	54,348,282	**72,889,560**	56,084,732
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**970,462**	1,572,110	**31,779**	164,340	**71,887,319**	54,348,282	**72,889,560**	56,084,732
Reportable segment profit/(loss)	**323,706**	626,544	**3,833**	(98,032)	**(134,886)**	(67,680)	**192,653**	460,832
Net valuation gain on investment properties	**2,533,075**	3,865,192	**–**	–	**–**	–	**2,533,075**	3,865,192
Finance income	**1,046**	61,620	**74**	393	**174,318**	140,143	**175,438**	202,156
Finance costs	**(555,722)**	(300,825)	**(2,968)**	(3,846)	**(424,512)**	(305,883)	**(983,202)**	(610,554)
Depreciation and amortisation	**(13,852)**	(12,190)	**(339)**	(1,671)	**(39,776)**	(57,798)	**(53,967)**	(71,659)
Share of net (losses)/profits of associates	**–**	(169)	**9,465**	(164,108)	**(1,152)**	(8,596)	**8,313**	(172,873)
Share of net (losses)/profits of joint ventures	**(495)**	(2,694)	**–**	–	**(1,400)**	351	**(1,895)**	(2,343)
Impairment loss on investment in an associate	**–**	–	**–**	(26,155)	**–**	–	**–**	(26,155)
Reportable segment assets	**38,209,729**	32,504,601	**534,420**	813,235	**21,088,026**	16,588,661	**59,832,175**	49,906,497
Additions to non-current segment assets during the year	**7,737**	13,203	**10,128**	157,423	**72,304**	231,919	**90,169**	402,545
Reportable segment liabilities	**12,777,839**	11,872,360	**368,090**	1,735,536	**20,668,400**	14,049,617	**33,814,329**	27,657,513

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

Revenue

	2019	2018
	RMB'000	*RMB'000*
Reportable segment revenue	**72,889,560**	56,084,732
Other revenue	**9,196**	31,340
Consolidated revenue *(note 3(a))*	**72,898,756**	56,116,072

Profit

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**192,653**	460,832
Other net loss	**(756,289)**	(530,495)
Net valuation gain on investment properties	**2,533,075**	3,865,192
Finance income	**175,443**	206,000
Finance costs	**(1,112,535)**	(697,151)
Share of net profits/(losses) of associates	**8,313**	(172,873)
Share of net losses of joint ventures	**(1,895)**	(2,343)
Impairment loss on investment in an associate	**–**	(26,155)
Unallocated head office and corporate expenses	**(351,704)**	(754,932)
Consolidated profit before taxation	**687,061**	2,348,075

Assets

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Reportable segment assets	**59,832,175**	49,906,497
Elimination of inter-segment receivables	**(1,328,416)**	(818,168)
	58,503,759	49,088,329
Interests in joint ventures	**24,279**	25,519
Interests in associates	**460,936**	467,588
Deferred tax assets	**247,611**	211,047
Prepaid taxes	**20,538**	12,017
Non-current assets held for sale	**44,179**	–
Unallocated head office and corporate assets	**2,187,937**	3,276,618
Consolidated total assets	**61,489,239**	53,081,118

Liabilities

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Reportable segment liabilities	**33,814,329**	27,657,513
Elimination of inter-segment payables	**(1,328,416)**	(1,887,221)
	32,485,913	25,770,292
Current taxation	**502,170**	452,480
Deferred tax liabilities	**5,391,696**	4,785,009
Unallocated head office and corporate liabilities	**3,486,986**	2,464,524
Consolidated total liabilities	**41,866,765**	33,472,305

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other property, plant and equipment, intangible assets, goodwill, interest in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interest in an associates and joint ventures.

	Revenue from external customers		**Specified non-current assets**	
			31 December	31 December
	2019	2018	**2019**	2018
				(Note)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**70,074,543**	55,294,887	**31,683,293**	28,268,170
Singapore	**2,576,332**	821,185	**7,760**	2,983
Others	**247,881**	–	**–**	–
	72,898,756	56,116,072	**31,691,053**	28,271,153

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

4 OTHER NET LOSS

	2019	2018
	RMB'000	*RMB'000*
Net fair value changes on financial instruments at fair value through profit or loss		
– listed equity securities	**(812,810)**	(879,148)
– wealth management products and trust products	**136,205**	101,498
– derivative financial instruments	**124,328**	23
– contingent consideration	**(165,722)**	251,298
– convertible redeemable preference shares of a subsidiary	**37,717**	14,049
Net loss on the dilution of interests in an associate*	**(63,625)**	–
Loss on disposal of listed equity securities	**(61,705)**	(80,274)
Government subsidies	**43,587**	37,959
Dividends received from financial assets at fair value through profit or loss	**–**	10,922
Loss on disposal of investment properties	**(5,668)**	–
Net gain on disposal of subsidiaries	**5,357**	–
Others	**6,047**	13,178
	(756,289)	(530,495)

* Net loss on the dilution of interests in associates including loss on the dilution of interests in LightInTheBox Holding Co., Ltd. ("LightInTheBox") of RMB72,207,000 and gain on the dilution of interests in Ningbo Haishangxian Information Technology Limited ("Ningbo Haishangxian") of RMB8,582,000, which were mainly due to new equity interests being issued by LightInTheBox and Ningbo Haishangxian to other parties during 2019.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance (income)/costs

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Finance income		
Interest income	**(175,443)**	(206,000)
Finance costs		
Interest on interest-bearing borrowings	**909,555**	793,701
Interest on lease liabilities	**1,241**	–
Other borrowing costs	**12,764**	12,177
Less: amounts capitalised into properties under development and investment properties under development*	**(113,759)**	(261,010)
	809,801	544,868
Bank charges and others	**297,295**	153,428
Net foreign exchange loss/(gain)	**5,439**	(1,145)
	1,112,535	697,151

Note: The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

* The borrowing costs have been capitalised at rates ranging from 4.75%-12.20% per annum for the year ended 31 December 2019 (2018: 4.75%-13.00%).

(b) Staff costs

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**268,551**	258,695
Contributions to defined contribution retirement plan	**30,056**	24,728
Equity-settled share-based payment expenses	**3,858**	72,056
	302,465	355,479

(c) Other items

	2019	2018
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**58,270**	60,557
Depreciation *(note 8)*		
– owned property, plant and equipment*	**31,139**	38,959
– right-of-use assets*	**14,438**	–
Impairment losses		
– trade debtors and bill receivables	**201,237**	187,878
– loans and factoring receivables	**44,992**	77,544
Auditors' remuneration		
– audit services	**5,150**	4,900
Total minimum lease payments for leases previously classified as operating leases under IAS 17*	**–**	44,934
Research and development costs (other than amortisation costs)	**54,402**	26,498
Rentals receivable from investment properties less direct outgoings of RMB14,317,000 (2018: RMB21,341,000)	**754,780**	719,547
Cost of construction contracts	**9,512**	5,014
Cost of commodities sold	**71,459,292**	53,779,019
Cost of properties sold	**51,878**	382,542

* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("PRC CIT")	**78,720**	145,166
PRC Land Appreciate Tax ("PRC LAT")	**1,998**	60,795
	80,718	205,961
Deferred tax		
Origination and reversal of temporary differences	**548,824**	868,207
	629,542	1,074,168

(i) Pursuant to the rules and regulations of Cayman Islands, the Company is not subject to any income tax in Cayman Islands. Also, certain subsidiaries located in British Virgin Islands ("BVI") are not subject to any income tax in their local jurisdictions.

(ii) No provision for Hong Kong Profits Tax or Singapore Corporate Income Tax as the Group did not earn any assessable income subject to Hong Kong Profits Tax or Singapore Corporate Income Tax during the years ended 31 December 2019 and 2018.

(iii) Pursuant to the rules and regulations applicable to encouraged industries in the PRC western development strategy, one subsidiary of the Group, GSMN Logistics Co., Ltd., is subject to PRC CIT at a preferential tax rate of 15% for the year ended 31 December 2019, and one subsidiary of the Group, Guangxi Sugar Market Network Co., Ltd., is subject to PRC CIT at a preferential tax rate of 9% for the year ended 31 December 2019. Pursuant to the rules and regulations applicable to advanced technology enterprises of the PRC, two subsidiaries of the Group, Shenzhen AP88.com Agriculture Information Technology Limited and Zallsoon Information Technology (Wuhan) Co., Ltd. are subject to PRC CIT at a preferential tax rate of 15%. The application of preferential tax rate will be reviewed by the tax authority annually.

All the other PRC subsidiaries of the Group are subject to income tax at 25% for the year ended 31 December 2019 under the PRC Corporate Income Tax Law which was enacted on 16 March 2007.

(iv) PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which is calculated based on 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Tax Bureau or any tax bureau of higher authority is remote.

(v) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company.

The provision of the related deferred tax liabilities, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008. Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of the retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB92,797,000 (2018: RMB1,367,182,000) and the weighted average of 11,696,778,000 ordinary shares (2018: 11,628,038,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2019	2018
	'000	*'000*
Issued ordinary shares at 1 January	**11,681,732**	11,628,005
Effect of shares issued under Management Shares Award Scheme but not yet vested	**(49,429)**	(8,059)
Effect of vested Incentive Shares	**1,443**	1,401
Effect of vested VKC Consultancy Service Consideration Shares	**5,770**	5,605
Effect of vested shares under Management Shares Award Scheme	**760**	1,086
Effect of issuance of new shares as consideration of acquisition of non-controlling interests of a subsidiary	**56,502**	–
Weighted average number of ordinary shares at 31 December	**11,696,778**	11,628,038

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB92,797,000 (2018: RMB1,370,482,000) and the weighted average number of ordinary shares of 11,729,015,000 shares (2018: 11,665,335,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares at 31 December (basic)	**11,696,778**	11,628,038
Effect of deemed issue of Incentive Shares	**6,448**	7,667
Effect of deemed issue of VKC Consultancy Service Consideration Shares	**25,789**	29,630
Weighted average number of ordinary shares at 31 December (diluted)	**11,729,015**	11,665,335

8 PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for own use	Other properties leased for own use	Motor vehicles	Furniture, office equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2018	247,812	–	24,070	101,526	373,408
Additions	135,211	–	5,268	11,492	151,971
Addition through acquisition of subsidiaries	–	–	673	1,407	2,080
Disposals	(17,238)	–	(349)	(757)	(18,344)
At 31 December 2018	365,785	–	29,662	113,668	509,115
Impact on initial application of IFRS 16 *(Note)*	–	25,875	–	–	25,875
At 1 January 2019	**365,785**	**25,875**	**29,662**	**113,668**	**534,990**
Additions	**7,618**	**14,962**	**1,970**	**13,999**	**38,549**
Addition through acquisition of subsidiaries	**–**	**–**	**–**	**1,149**	**1,149**
Disposals	**(2,740)**	**–**	**(135)**	**(5,234)**	**(8,109)**
Disposals arising from disposal of subsidiaries	**(18,984)**	**–**	**(1,530)**	**(6,291)**	**(26,805)**
At 31 December 2019	**351,679**	**40,837**	**29,967**	**117,291**	**539,774**
Accumulated depreciation:					
At 1 January 2018	70,818	–	22,455	63,154	156,427
Charge for the year	24,204	–	3,617	11,138	38,959
Addition through acquisition of subsidiaries	–	–	521	1,151	1,672
Written back on disposals	(1,332)	–	(333)	(578)	(2,243)
At 31 December 2018/1 January 2019	**93,690**	**–**	**26,260**	**74,865**	**194,815**
Charge for the year	**18,419**	**14,438**	**1,715**	**11,005**	**45,577**
Addition through acquisition of subsidiaries	**–**	**–**	**–**	**297**	**297**
Written back on disposals	**–**	**–**	**(2,059)**	**(4,251)**	**(6,310)**
Disposals arising from disposal of subsidiaries	**(18,973)**	**–**	**(1,530)**	**(5,617)**	**(26,120)**
At 31 December 2019	**93,136**	**14,438**	**24,386**	**76,299**	**208,259**
Net book value:					
At 31 December 2019	**258,543**	**26,399**	**5,581**	**40,992**	**331,515**
At 31 December 2018	272,095	–	3,402	38,803	314,300

Note: The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 2.

The ownership certificates for certain buildings with net book value of RMB16,029,000 (2018: RMB15,145,000) have not been obtained. The directors are of the opinion that the Group are entitled to lawfully and validly occupy and use of the above mentioned buildings.

As at 31 December 2019, the Group's buildings with carrying value of RMB8,474,000 (2018: RMB248,394,000) were pledged as collateral for the Group's interest-bearing borrowings.

(a) Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset is as follows:

	Notes	**31 December 2019** ***RMB'000***	1 January 2019 *RMB'000*
Included in "Property, plant and equipment":			
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in the PRC, with remaining lease term of:	*(i)*		
– between 10 and 50 years		**258,543**	272,095
Other properties leased for own use, carried at depreciated cost	*(ii)*	**26,399**	25,875
		284,942	297,970
Included in "Investment properties":			
Ownership interests in leasehold investment properties, carried at fair value, with remaining lease term of:			
– 50 years or more		**85,869**	–
– between 10 and 50 years		**29,082,759**	25,456,399
		29,168,628	25,456,399
Included in "Inventories":			
Completed properties held for sale		**1,087,975**	1,700,152
Properties under development for sale		**1,310,683**	1,321,326
		2,398,658	3,021,478
		31,852,228	28,775,847

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**18,419**	24,204
Other properties leased for own use	**14,438**	–
	32,857	24,204
Interest on lease liabilities *(note 5(a))*	**1,241**	–
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**10,816**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17	**–**	44,934

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2.

During the year, additions to right-of-use assets were RMB14,962,000. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several commercial buildings as administrative offices. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and administrative offices through tenancy agreements. The leases typically run for an initial period of 1 to 6 years. Lease payments are usually increased every 1 to 6 years to reflect market rentals. None of properties leased for own used include an option to renew the lease for an additional period after the end of the contract term.

9 TRADE AND OTHER RECEIVABLES

	Notes	**31 December 2019** *RMB'000*	1 January 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade debtors and bills receivables, net of loss allowance	*9(a)*	**5,654,627**	2,874,048	2,874,048
Loans and factoring receivables, net of loss allowance	*9(b)*	**1,409,208**	3,347,928	3,347,928
		7,063,835	6,221,976	6,221,976
Advances to suppliers		**2,893,150**	873,441	873,441
Other receivables, deposits and prepayments *(note)*		**1,776,950**	1,507,768	1,509,008
		11,733,935	8,603,185	8,604,425

Note: On the date of transition to IFRS 16, lease prepayments of RMB1,240,000 previously included in "Other receivables, deposits and prepayments" were adjusted to right-of-use assets recognised at 1 January 2019. See note 2.

Trade and other receivables of the Group included deposits of RMB19,616,000 (2018: RMB25,147,000) which are expected to be recovered or recognised as expense after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

As at 31 December 2019, trade debtors and bills receivables of RMB2,584,281,000 (2018: RMB932,614,000) and other receivables of RMB8,000,000 (2018: RMB8,000,000) were pledged as collateral for the Group's interest-bearing borrowings.

(a) Ageing analysis of trade debtors and bill receivables

As at the end of the reporting period, the ageing analysis of trade debtors and bill receivables based on revenue recognition date and net of allowance for impairment losses, is as follows:

	2019 *RMB'000*	2018 *RMB'000*
Within 6 months	**3,865,388**	2,085,881
6 to 12 months	**1,032,370**	353,362
Over 12 months	**756,869**	434,805
	5,654,627	2,874,048

Customers are normally granted credit terms of 0 to 360 days, depending on the credit worthiness of individual customers.

(b) **Loans and factoring receivables, net of loss allowance**

	2019	2018
	RMB'000	*RMB'000*
Guaranteed loans receivable, net of loss allowance	**–**	39,424
Secured loans receivable, net of loss allowance (i)	**1,377,962**	2,162,005
Unsecured loans receivable, net of loss allowance	**3,884**	740,474
Factoring receivables, net of loss allowance	**27,362**	406,025
	1,409,208	3,347,928

(i) Secured loans receivables represent secured loans advanced to third-party borrowers secured by the borrowers' inventories, properties or unlisted shares.

Ageing analysis

As at the end of the reporting period, the ageing analysis of loans and factoring receivables based on recognition date of loans and factoring receivables and net of allowance for doubtful debts, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 6 months	**1,122,268**	3,026,116
6 to 12 months	**47,235**	51,347
Over 12 months	**239,705**	270,465
	1,409,208	3,347,928

Borrowers are normally granted credit terms of 180 to 360 days, depending on the credit worthiness of individual customers.

10 TRADE AND OTHER PAYABLES

	31 December 2019	1 January 2019	31 December 2018
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables (i)	**10,522,064**	8,143,449	8,143,449
Receipts in advance (ii)	**268,324**	294,356	294,356
Other payables and accruals	**2,819,051**	2,433,378	2,433,625
Other borrowings (i)	**–**	135,110	135,110
	13,609,439	11,006,293	11,006,540

Note: On the date of transition to IFRS 16, accrued lease payments of RMB247,000 previously included in "other payables and accruals" were adjusted to right-of-use assets recognised at 1 January 2019. See note 2.

The amount of deposits expected to be settled after more than one year is RMB13,919,000 (2018: RMB21,261,000). All the other trade and other payables are expected to be settled within one year or repayable on demand.

(i) As of the end of the reporting period, the ageing analysis of trade and bills payables and other borrowings, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 6 months	**6,654,358**	4,140,186
Over 6 months but within 12 months	**3,006,755**	2,386,941
Over 12 months	**860,951**	1,751,432
	10,522,064	8,278,559

(ii) Receipts in advance mainly represents rental receipts in advance for investment properties.

(iii) Assets of the Group pledged to secure the bills payables comprise:

	2019	2018
	RMB'000	*RMB'000*
Pledged bank deposits	**3,390,862**	2,997,853
Wealth management products and trust products	**3,432,913**	3,240,749
Investment properties	**98,965**	–
Completed properties held for sale	**724**	–
	6,923,464	6,238,602

11 CAPITAL AND DIVIDENDS

(a) Share capital

	Note	2019 Number of shares ('000)	2019 Amount HKD'000	2018 Number of shares ('000)	2018 Amount HKD'000
Authorised:					
Ordinary shares of HKD0.00333 each		**24,000,000**	**80,000**	24,000,000	80,000
Ordinary shares, issued and fully paid:					
At 1 January		**11,681,732**	**38,938**	11,628,005	38,759
Issuance of Incentive Shares		**–**	**–**	10,746	36
Issuance of VKC Consultancy Service Consideration Shares		**–**	**–**	42,981	143
Issuance of new shares as consideration for acquisition of non-controlling interest of a subsidiary	*(i)*	**101,094**	**337**	–	–
At 31 December		**11,782,826**	**39,275**	11,681,732	38,938

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) On 10 June 2019, 101,094,000 ordinary shares were issued for acquisition of 9.89% equity interest of Shenzhen Sinoagri E-commerce Co., Ltd. ("Shenzhen Sinoagri"). The fair value of the consideration for the acquisition was RMB172,362,000 (equal to HKD196,122,000) and was measured by using the number of ordinary shares issued and the listed share price of HKD1.94 per share on that date.

The amounts of the consideration of RMB296,000 (equal to HKD337,000) representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the amounts of the consideration over the nominal value of the total number of ordinary shares issued were credited to the share premium account of the Company.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2019 and 2018.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, nil (2018: HKD2.58 cents per share)	**–**	246,653

12 DISPOSAL OF SUBSIDIARIES

Disposal of total equity interest of Zalljinfu Information Technology (Wuhan) Co., Ltd. ("Zalljinfu Information Technology") and 35% equity interest of Zhong Bang Financial Leasing Co., Ltd. ("Zhong Bang Financial Leasing")

On 30 June 2019, the Group entered into two disposal agreements with Zhong Bang Asset Management Co., Ltd. ("Zhong Bang Asset Management", a connected person of the Company which is controlled by ultimate controlling party of the Company) in relation to disposal total equity interest of Zalljinfu Information Technology and 35% equity interest of Zhong Bang Financial Leasing at a consideration of RMB21,000,000 and RMB44,000,000, respectively. Zalljinfu Information Technology owned 65% equity interest of Zhong Bang Financial Leasing. Together with its subsidiaries including Zhong Bang Financial Leasing, Zalljinfu Information Technology is principally engaged in asset management, insurance agent and related consulting business and guarantee business and provision of finance leasing service.

The disposal of total equity interest of Zalljinfu Information Technology was completed in July 2019. The Group recognised a net gain of RMB1,423,000 on the disposal, which is calculated as follows:

	RMB'000
Net assets disposed	67,490
Less: Non-controlling interests	(47,913)
	19,577
Consideration, satisfied in cash	21,000
Gain on disposal of subsidiaries	1,423

An analysis of the net inflow of cash and cash equivalents in respect of the above disposal of the equity interests is as follows:

	RMB'000
The aggregate cash consideration	21,000
Cash and cash equivalents disposed of	(3,822)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	17,178

The disposal of 35% equity interest of Zhong Bang Financial Leasing is not completed as at 31 December 2019 and is classified as a non-current asset held for sale.

Disposal of total equity interest of Wuhan North Hankou Guarantee Investment Co., Ltd. ("Wuhan Guarantee Investment")

On 2 August 2019, the Group entered into a disposal agreement with Zhong Bang Asset Management, pursuant to which the Group agreed to dispose total equity interest of Wuhan Guarantee Investment at a consideration of RMB198,000,000.

The disposal of total equity interest of Wuhan Guarantee Investment were completed in August 2019. The Group recognised a net loss of RMB2,713,000 on the disposal, which is calculated as follows:

	RMB'000
Net assets disposed	200,713
Consideration, satisfied in cash	(198,000)
Loss on disposal of a subsidiary	2,713

An analysis of the net inflow of cash and cash equivalents in respect of the above disposals of the equity interests is as follows:

	RMB'000
The aggregate cash consideration	198,000
Cash and cash equivalents disposed of	(6,707)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	191,293

13 ACQUISITION OF A SUBSIDIARY

In November 2019, the Group entered into an acquisition agreement with Hubei Huazhong Cotton Trade Centre Co. Ltd. ("Huazhong Cotton Trade Centre", a connected person of the Company which is controlled by ultimate controlling party of the Company), pursuant to which Huazhong Cotton Trade Centre agreed to sell and the Group agreed to purchase the entire equity interest in CCTC (Taicang) Cotton Co. Ltd. ("CCTC (Taicang)"), at a consideration of RMB30,964,000. CCTC (Taicang) principally engages in online sales of textile raw materials and products, warehousing services and distribution of cotton raw materials and products. The transaction was complete on 26 November 2019.

From the post acquisition date to 31 December 2019, CCTC (Taicang) contributed revenue of nil and loss of RMB198,000 to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been RMB73,451,499,000 and consolidated profit for the year would have been RMB57,665,000.

	Recognised value on acquisition *RMB'000*
Cash and cash equivalents	11
Trade and other receivables	31,861
Contract liabilities	(1,101)
Trade and other payables	(191)
Total identifiable net assets acquired	30,580
Consideration – cash paid	30,964
Goodwill arising on acquisition	384

14 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The Pandemic has led to a decrease in transaction amount and volume on various online commodity trading platforms operated by the Group and slowered down the recovery of receivables which negatively influenced the working capital. The Pandemic also has led to a temporary closure of offline commodity trading markets operated by the Group (such as the North Hankou International Trade Centre in Wuhan, Hubei province) and possible delay in construction progress of property development projects in Tianjin and Jingzhou. In view of the aforesaid impacts, the Group has been closely communicating with the suppliers on its online commodity trading platforms and offered certain concessionary measures to the tenants in the North Hankou International Trade Centre in order to assist and facilitate them. With the gradual lifting of restrictions by the local government in Wuhan in or around the early April, the North Hankou International Trade Centre has resumed in operations recently.

The disruptions of operation of offline commodity trading markets may lead to decrease in rental income from the Group's investment properties and the fair value of the Group's investment properties could be impacted. Management of the Group considered that the operation of offline commodity trading markets is recovering and the impact of Pandemic to commercial properties in Wuhan is reducing. The impact of Pandemic on the fair value of the Group's investment properties may have consequential impacts on the Group's result for 2020. The Group will continuously monitor the situation of the Pandemic, assess and react actively to its impacts on the financial position and operating results of the Group.

MATERIAL DIFFERENCES BETWEEN 2019 UNAUDITED AND AUDITED ANNUAL RESULTS

Reference is made to the 2019 Unaudited Annual Results Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the 2019 Unaudited Annual Results Announcement upon completion of the auditing process, shareholders and potential investors of the Company are advised to pay attention to the following material differences between the unaudited annual results of the Group contained in the 2019 Unaudited Annual Results Announcement and the audited annual results of the Group in this announcement.

Item for the year ended 31 December 2019	*Note*	**Disclosure in this announcement** *RMB'000* *(Audited)*	**Disclosure in the 2019 Unaudited Annual Announcement** *RMB'000* *(Unaudited)*	**Difference** *RMB'000*
Consolidated Statement of Profit or Loss				
Cost of sales	*(a)*	(71,673,845)	(71,691,092)	17,247
Impairment loss on intangible assets	*(b)*	(20,300)	(39,500)	19,200
Net valuation gain on investment properties	*(c)*	2,533,075	2,562,138	(29,063)
Profit for the year	*(d)*	**57,519**	**50,668**	**6,851**
Consolidated Statement of Financial Position				
Non-current assets				
Investment properties	*(e)*	29,168,628	29,393,955	(225,327)
Current assets				
Inventories	*(f)*	5,833,647	5,410,760	422,887
Trade and other receivables	*(g)*	11,733,935	11,889,793	(155,858)
Current liabilities				
Amounts due to related parties	*(h)*	95,072	471,365	(376,293)
Interest-bearing borrowings	*(i)*	14,017,079	13,610,469	406,610
Net current (liabilities)/assets	*(j)*	(2,405,018)	(2,580,119)	175,101
Non-current liabilities				
Interest-bearing borrowings	*(k)*	4,473,534	4,880,144	(406,610)
Amounts due to related parties	*(l)*	373,230	–	373,230

Notes:

(a) The difference in cost of sales of RMB17,247,000 was mainly due to the adjustments on cost allocation of cost of sales of properties.

(b) The difference in impairment loss on intangible assets of RMB19,200,000 was mainly based on the finalized valuation results of the subsidiary of the Company, Shenzhen Sinoagri.

(c) The difference in net valuation gain on investment properties of RMB29,063,000 was mainly due to the offsetting effect of (i) the adjustments on the cost allocation of investment properties transferred from properties held for sale and (ii) the adjustments upon finalization of valuation work by independent property valuer.

(d) The difference in profit for the year of RMB6,851,000 was mainly due to adjustments of the items set out herein.

(e) The difference in investment properties of RMB225,327,000 was mainly due to the adjustments upon finalization of valuation work by independent property valuer.

(f) The difference in inventories of RMB422,887,000 was mainly due to (i) the reclassification of the prepayments of construction projects from trade and other receivables and (ii) the adjustments upon finalization of valuation work by independent property valuer.

(g) The difference in trade and other receivables of RMB155,858,000 was mainly due to the reclassification of the prepayments of construction projects to inventories.

(h) The difference in amounts due to related parties of current liabilities of RMB376,293,000 was mainly due to the reclassification to amount due to related parties of non-current liabilities.

(i) The difference in interest-bearing borrowings of current liabilities of RMB406,610,000 was mainly due to the reclassification from interest-bearing borrowings of non-current liabilities.

(j) The difference in net current (liabilities)/assets of RMB175,101,000 was mainly due to the adjustments of the items set out herein.

(k) The difference in interest-bearing borrowings of non-current liabilities of RMB406,610,000 was mainly due to the reclassification to interest-bearing borrowings of current liabilities.

(l) The difference in amounts due to related parties of non-current liabilities of RMB373,230,000 was mainly due to the reclassification from amounts due to related parties of current liabilities.

Save as disclosed in this announcement and the corresponding adjustments related to the above differences, there is no material change in other information contained in the Unaudited Annual Results Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Consumer product-focused wholesale

The Group's core project, the North Hankou International Trade Center (漢口北國際商品交易中心) has now formed more than 30 large specialized market clusters covering footwear and leatherware, branded clothing, hotel supplies, small merchandises, bedding, automobile and second-handed vehicles, hardware and electrical products, etc., with merchants reaching 32,000 operating stably. The total developed and developing area of market clusters exceeded 6.8 million square meters. The annual transaction amount achieved in 2019 was approximately RMB89.9 billion. During the year, it was honoured as "National Trading Market System-Demonstration Market on Transformation, Upgrade, Innovation and Development for 2018" (全國商品交易市場系統 — 二零一八年度轉型升級創新發展示範市場) and "The Most Influential Brand Market in China over the Past 40 Years of Reform and Opening-Up" (改革開放四十年全國最具影響力品牌市場). We also, as the market representative, shared the experience of transformation and upgrading in the National Key Market Training of the Ministry of Commerce (國家商務部全國重點市場培訓).

In 2019, nearly 200,000 square meters were rented in the North Hankou International Trade Center throughout the year. Various new markets and businesses, including Central China Labour Insurance City (華中勞保城), City of Tail Product (尾貨城) and City of Flower, Bird, Fish and Pets etc., were opened in the North Hankou International Trade Center which further enhanced the scale of specialized markets in North Hankou. The Group has organized various large-scale marketing activities such as order fairs, internal purchase fairs, procurement days, exhibition fairs, exchange salons, etc. for a total of 41 times in 2019. Such events included the 10th Hankoubei Commodities Fair (漢交會) with the theme "Building a Dream for the Global and the Intelligent for Connecting the Future (築夢全球、智通未來)", the 2nd China Central Import Commodity Expo (中國中部進口商品博覽會), the 5th Hotel Supplies Expo (酒店用品博覽會), the 1st Central China Labour Insurance City Expo (華中勞保城博覽會) and the New Year's Products Street (年貨大街), all of which attracted over 200,000 citizens to visit and purchase during the event period. The Group has built a live broadcast industrial base for North Hankou E-commerce, built a top 30 industrial e-commerce live broadcast industrial park, cooperated with a number of e-commerce live broadcast platforms, and attracted dozens of MCN institutions to move in. North Hankou Business College (漢口北商學院), which offers specific training courses on broadcast, was established to help merchants in the market to quickly reform their supply and marketing model. Through various exhibition activities and innovate marketing model, popularity and prosperity of the markets were greatly promoted and a large number of merchants have been attracted.

In 2019, the Group has continued to strengthen the national market procurement and trade pilot program and the priority support for the construction of key industrial parks in the Wuhan cross-border e-commerce comprehensive trial zone, comprehensively deepen the development of new foreign trade business, and become the only export industrial park in China that integrates market procurement, cross-border e-commerce and general trade clearance. The Group has conducted reconstruction and provided customs supervision workplaces to achieve direct customs clearance within the export commodity market. The ambient experience street zone of Wanguo City (萬國城) with a total gross floor area of approximately 140,000 square metres, which is mainly used to showcase, purchase and sell import and export commodities of various countries and invite investment and operation. We completed the first cross-border e-commerce export 9610 model (cross-border trade e-commerce) customs clearance, and established a cross-border e-commerce experience center, which is a breakthrough in cross-border e-commerce. Up to now, the North Hankou Market has introduced more than 60 international logistics service providers, cooperated to establish 11 bulk export international logistics lines and more than 140 small package export logistics lines, and built on its own and jointly built 99 overseas warehouses.

Tianjin E-commerce Mall is the Group's flagship project in Northern China. Portions of the commercial, trade and e-commerce zones of Phase I have gradually commenced operation. Against a background of cooperative development in the Beijing-Tianjin-Hebei region and the easing of Beijing's non-capital core function, Tianjin E-commerce Mall continuously approached Beijing Tianya Apparel Market (北京天雅服裝市場), New Century (新世紀) and other major customers. At the same time, Tianjin E-commerce Mall actively adjusted its business model to set a foothold on the local market of Tianjin, deeply explored areas such as flower, bird and fish, antiques and home decoration and building materials, and added areas of more than 70,000 square meters for business solicitation and more than 300 merchants. Tianjin E-commerce Mall Project Phase II, Zall World City (卓爾世界城), is also actively pursuing the design and optimization of the project.

Supply chain management and trading

The Group has acquired and established various companies in the industrial internet sector focusing on the construction and operation of intelligent trading and service platforms. The Group has established B2B trading platform matrix for agricultural products, chemicals and plastic raw materials, black metals, non-ferrous metals and energy, etc.

In 2019, the development of industrial internet is changing rapidly amid the economic downturn, and the B2B field of agricultural products is also facing downward pressure due to the impact of macro economy. Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) ("**Shenzhen Sinoagri**"), a large-scale B2B platform for agricultural products of the Group, strived to identify new demands and opportunities for growth in the course of change, and focused on the full acceleration of service model innovation, product categories and layout of new channels and the process of digitization. Shenzhen Sinoagri consistently made breakthrough in terms of industry chain, industrial level and ecology of industry. On the basis of the existing products such as sugar and cocoon silk, Shenzhen Sinoagri has expanded to various bulk agricultural products such as edible oil, grain and timber and their sub-segments, and rapidly expanded its customer base by leveraging its resource advantages. Shenzhen Sinoagri cooperated with Marubeni Corporation in Japan to establish an e-commerce platform for coffee related products, so as to gradually realize the strategic layout of Shenzhen Sinoagri in the coffee industry chain. In order to continuously build the infrastructure for value chain of bulk agricultural products, Shenzhen Sinoagri initially established a technology system to share with ERP, warehousing and logistics, big data, CA certification and third-party financial institutions. In 2019, Shenzhen Sinoagri completed the continuous iteration of the big data platform V2.0 and the blockchain platform, and the full operation of the Mutian ERP and trading system enabled the online business to be fully implemented, realizing one-stop self-service processing for all businesses including transaction settlement, financing settlement, fund payment and electronic contracts. At the same time, under the strategic layout of Shenzhen Sinoagri's agricultural industrial ecosphere, the Company will build financial technology to enhance the underlying service capacity, reduce the transaction costs of the industry and improve the efficiency of financial services by constructing financial online platform. The financial services further extended to the upstream to deepen the agriculture-related business, helped farmers, cooperatives and processing enterprises to build stable trading relationships with financial instruments, and assisted in the in-depth development of order agriculture with its own strength. For the year ended 31 December 2019, the platform had 34,254 new customers, with 113,155 accumulated registered users and realised operating revenue of approximately RMB33.94 billion. In 2019, the Company won a number of honours and awards, including No. 483 among the Top 500 Enterprises in China (中國企業500強), No. 10 among the Top 100 Industrial Internet Platforms in China (中國產業互聯網平台百強榜) and No. 36 among the Top 500 Enterprises in Shenzhen (深圳500強企業).

As a chemical e-commerce operator that leads the future, HSH International Inc. ("**HSH**") is committed to promote the infrastructure construction of the "Internet + chemicals and plastic raw materials", opening up the closed loop of transaction of information flow, logistics and capital flow in the entire industrial chain for chemicals and plastic raw materials. It aims to construct HSH as a new ecosystem for the entire industrial chain of chemical and plastic raw material industry through an innovative mode of distributed sharing platform. In 2019, HSH adjusted its strategic planning, further expanded its platform business, shifted from self-operated to self-operated + platform business and provided consignment and pre-sale business according to the requirements of upstream resources and downstream customers. It took key commodities as a breakthrough point to develop business and generate revenue. At the same time, the Group promoted the import business of HSH, recruited talents, expanded the channels for supply of goods and increased the channels for making profits. For the year ended 31 December 2019, the number of customers of the HSH platform reached 41,703, and the annual operating revenue was approximately RMB8.89 billion.

Shanghai Zall Steel E-commerce Co., Ltd (上海卓網鏈電子商務有限公司) ("**Zall Steel**") mainly builds integrated service platform for intelligent trading and supply chain services for upstream, midstream and downstream supply chain partners of steel industry chain in the bulk black commodity sector. Since its establishment on 23 March 2018, Zall Steel has established business partnerships with approximately 12,000 upstream and downstream customers. For the year ended 31 December 2019, Zall Steel realized operating revenue of approximately RMB20.9 billion. Zall Steel will continue to promote offline and online service integration, focus on three core platform products and enhance the comprehensive online integrated service capabilities of the platform with six service platforms, namely "intelligent trading, supply chain finance, warehousing and logistics, intelligent logistics, Zall Steel Cloud SAAS service and data information". In 2019, Zall Steel won a number of awards, including "China's Top 100 B2B Enterprises (中國B2B百強企業)", "E-commerce Supply Chain B2B Trading Model Innovation Enterprise (電商供應鏈B2B交易模式創新企業)" and "China Metal Material Distribution Association AAA Credit Enterprise (中國金屬材料流通協會AAA級信用企業)", and was recognized as the second batch of "Shanghai Municipal Private Enterprise Headquarters (上海市民營企業總部)" enterprise.

Commodities Intelligence Centre Pte. Ltd. ("**CIC**") of the Group provides integrated services covering transaction matching, custom clearing and declaration, supply chain logistics, trade financing, supply chain finance and global compliance regulation, as well as provides trade data and trade index services, realizing intelligentization of the whole process of bulk commodity trading. For the year ended 31 December 2019, the CIC trading platform recorded accumulative transaction amount of over USD10.37 billion and over 4,600 registered users, which completed our business layout in China, Singapore, Australia, India, Malaysia and various countries in Asia, focusing on transactions of non-ferrous metals, energy and other products. In order to guarantee the smooth operation of finance services for supply chain, CIC and Marubeni Corporation in Japan, one of the Global 500 enterprises, jointly established the ZMA Smart Capital Pte. Ltd. ("**ZMA**"). Taking advantage of the capital and opportunities in the international market and Singapore government's support for the finance industry of bulk trading supply chain, ZMA continuously enhanced its electronic financial services and provided effective risk management by relying on CIC's blockchain technology, providing new solutions for international electronic financial services, continuously reducing costs, expanding channels, improving transaction efficiency and boosting the development of international trade.

Through the online and offline integration development in recent years, the Group has established and operated B2B trading platforms with significant influence for agricultural products, chemicals, plastics, ferrous and non-ferrous metals and energy, etc., and its supply chain management and trade business grew significantly. The Group will further expand into other sectors through organic development or merger and acquisition when appropriate opportunity arises, continuously enrich and perfect Zall Smart's intelligent ecosphere and further enhance operating efficiency.

Warehousing and logistics services

In respect of warehousing services, Zall Cloud Warehouse (卓爾雲倉), a subsidiary of the Group, focuses on the provision of offline warehouse goods custody and distribution services, warehouse leasing and financial products regulatory services for enterprises and their upstream and downstream distributors and wholesale markets through the integration of warehousing management, physical delivery, regulatory network, logistics and transportation, financial risk regulation and other resources within the trading sections of the ecosystem. Zall Cloud Warehouse has actively realised its national layout, with businesses distributed in over 50 cities, such as Shanghai, Wuhan, Ningbo, Nanning, etc. The number of regulatory inventory warehouses reached 350. Among them, 38 are regulatory warehouses with Internet of Things and advanced devices, which can achieve a visualized intelligent supervision model through the establishment of Zall Cloud Warehouse Intelligent Supervision Center (卓爾雲倉智能監管中心) in Wuhan. Meanwhile, Zall Cloud Warehouse deepened its integrated warehousing and distribution service capabilities in 2019, and the Group's first intelligent warehouse was completed at the end of 2019, providing efficient one-stop services for industries such as electrical appliances, maternal and child, shoes and clothing and fast-moving consumer goods. In the future, Zall Cloud Warehouse will utilize the five core cities of Wuhan, Guangzhou, Shanghai, Chengdu and Beijing as the base points and actively establish cooperative branch warehouses throughout the country. Through covering major cities across the country with the Zall Cloud Warehouse platform management and alliance, we will build an intelligent warehousing service platform with significant influence in China.

In respect of logistics services, based on the development strategy of "Technology Driven + Supply Chain Driven", Zallsoon Information Technology (Wuhan) Co., Ltd. ("**Zallsoon**"), a subsidiary of the Group, made innovation and development in logistics informatization and supply chain management, and helped the logistics industry to reduce costs and increase efficiency with the help of technology in 2019, in addition to providing enterprise customers with one-stop logistics services such as intracity express transportation, long-distance freight transportation, cold chain warehousing and distribution. In addition to creating our core proprietary intellectual property, Zallsoon has so far obtained 12 software copyrights and is applying for 11 patent inventions. Zallsoon was recognised as the "2018 National High and New Technology Enterprise" (二零一八年度國家高新技術企業) jointly awarded by the Bureau of Science and Technology of Hubei Province (湖北省科學技術廳), the Bureau of Finance of Hubei Province (湖北省財政廳) and the Tax Bureau of Hubei Province of the State Administration of Taxation (國家税務局湖北省税務局) in March 2019, as well as the honour of "Double soft (雙軟)" awarded by Hubei Software Industry Association (湖北省軟件協會). As of 31 December 2019, there was 115,000 drivers on the Zallsoon logistics system platform, and the accumulated number of orders in aggregate was over 100 million.

FUTURE PROSPECTS

Originated from the offline wholesale market, Zall Smart has undergone many years of internet transformation with experience in the physical market and new economic operations. The core value of the wholesale market is the level of prosperity in terms of transactions. Online transformation will help the prosperity of the offline markets, which in turn will contribute to the flow and scale of the online platforms. We will accelerate the integration of online and offline applications, and will bring greater development potential to Zall Smart through the mutual empowerment and joint development of online and offline platforms.

Zall Smart will continue to adhere to the main track of B2B and supply chain services with innovation, so as to build an intelligent trading system with high efficiency and low cost in a win-win situation and connecting global business intelligently. We look forward to working together with more companies in the PRC and overseas to achieve integration and symbiosis, redefining B2B and even the way in which the world trades, and jointly welcome the beginning of the new trade era.

EVENT OCCURRED SINCE THE END OF THE YEAR ENDED 31 DECEMBER 2019

Since the outbreak of the novel coronavirus (**COVID-19**) (the "**Pandemic**"), many provinces and municipalities in the PRC, including Hubei province, where the head office of the Group is located, have implemented emergency public health measures and taken various actions to prevent the spread of the Pandemic, including, among others, imposing conditions and restrictions on enterprises to resume work after the Chinese New Year holiday. The suspension of work and limited services of transportation have resulted in a general disruption of production, supply chain and logistics services across the PRC, which has led to a decrease in transaction amount and volume on various online commodity trading platforms operated by the Group of, among others, agricultural products and chemicals, and slowed down the recovery of receivables which negatively influenced the working capital. The Pandemic also has led to a temporary closure of offline commodity trading markets operated by the Group (such as the North Hankou International Trade Centre (漢口北國際商品交易中心) in

Wuhan, Hubei province) and possible delay in construction progress of property development projects in Tianjin and Jingzhou. In view of the aforesaid impacts, the Group has been closely communicating with the suppliers on its online commodity trading platforms and offered certain concessionary measures to the tenants in the North Hankou International Trade Centre in order to assist and facilitate them. With the gradual lifting of restrictions by the local government in Wuhan in or around the early April 2020, the North Hankou International Trade Centre has resumed in operations recently and the Company will continue to assess the impact of the Pandemic on the Group's business operations and will take appropriate measures as and when necessary.

INVESTMENT PORTFOLIO

The portfolio of listed equity investments of the Group as at 31 December 2019 and 31 December 2018 were as follows:

As at 31 December 2019

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost	Carrying amount as at 31 December 2019	Unrealised holding loss arising on revaluation for the year ended 31 December 2019	Realised holding loss arising on disposal for the year ended 31 December 2019	Dividend received for the year ended 31 December 2019
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
00607.HKEX	Fullshare Holdings Limited ("**Fullshare**")	590,962,500	3.00%	620,157	95,287	812,810	61,705	–

As at 31 December 2018

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost	Carrying amount as at 31 December 2018	Unrealised holding loss arising on revaluation for the year ended 31 December 2018	Realised holding loss arising on disposal for the year ended 31 December 2018	Dividend received for the year ended 31 December 2018
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
00607.HKEX	Fullshare	613,880,000	3.11%	685,837	968,187	(879,148)	(75,173)	10,922

The performance and prospects of the listed equity investments during the year are as follows:

As at 31 December 2019, the Group held approximately 590,962,500 (31 December 2018: 613,880,000) shares in Fullshare, representing approximately 3.0% of its entire issued share capital (31 December 2018: 3.11%). Fullshare is listed on the main board of the Stock Exchange. Its principal activities are property development, tourism, investment, provision of healthcare products and services business and new energy business. The Group recognised an unrealised holding loss of approximately RMB812.8 million for the year ended 31 December 2019 (31 December 2018: unrealised holding loss of RMB879.1 million). The carrying amount of investment in Fullshare accounts for approximately 0.15% of the Group's total assets as at 31 December 2019 (31 December 2018: 1.82%). The Group is of the view that the unrealised holding loss: (i) did not cover other items of the Group's results for the year ended 31 December 2019 and (ii) is non-cash in nature and relates to the change in fair value of the Group's investment in Fullshare that are volatile in nature, therefore, the unrealised holding loss will not adversely affect the Group's operating financial positions. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

Results of Operation

Revenue

Revenue of the Group increased significantly by approximately 29.9% from approximately RMB56,116.1 million for the year ended 31 December 2018 to approximately RMB72,898.8 million for the year ended 31 December 2019. The increase was primarily due to the offsetting effect of (i) the significant increase in revenue from supply chain management and trading business; (ii) the decrease in revenue from E-commerce and financial service business; (iii) the increase in revenue from construction contracts; and (iv) the decrease in the revenue from sales of properties and related services.

Revenue from supply chain management and trading business

The Group's revenue from supply chain management and trading business has contributed approximately 98.4% of the Group's total revenue for the year ended 31 December 2019. The significant increase in revenue from supply chain management and trading business was primarily attributable to (i) the significant increase in revenue from Zall Steel since its establishment in March 2018 and (ii) the significant increase in revenue from CIC since its establishment in May 2018.

Rental income from investment properties

The Group's rental income from investment properties increased by approximately 3.8% from approximately RMB740.9 million for the year ended 31 December 2018 to approximately RMB769.1 million for the year ended 31 December 2019. The increase was primarily due to the changes of the lessees of certain properties during the year.

Revenue from financing income

The Group's financing income decreased by approximately 49.3% from approximately RMB317.2 million for the year ended 31 December 2018 to approximately RMB160.9 million for the year ended 31 December 2019. The decrease was mainly due to that Shenzhen Sinoagri compressed its partial supply chain financial business to its upstream customers, based on the industrial research and analysis.

Revenue from E-commerce and financial services business

The Group's revenue from e-commerce and financial services business decreased by approximately 90.8% from approximately RMB106.1 million for the year ended 31 December 2018 to approximately RMB9.7 million for the year ended 31 December 2019. The decrease was mainly due to the disposal of Zalljinfu Information Technology (Wuhan) Co., Ltd ("**Zalljinfu Information Technology**") during 2019, the revenue from which was no longer consolidated into the financial statements of the Group.

Revenue from construction contract

The Group's revenue from construction contract to build certain properties on behalf of a third party increased by approximately 89.7% from approximately RMB5.0 million for the year ended 31 December 2018 to approximately RMB9.5 million for the year ended 31 December 2019. The revenue was recognised according to the actual cost incurred for the year ended 31 December 2019. The increase for the year 2019 was primarily due to the increase of the cost incurred for property development projects during the year.

Sales of properties and related services

Revenue from sales of properties and related services decreased by approximately 81.3% from approximately RMB682.8 million for the year ended 31 December 2018 to approximately RMB127.4 million for the year ended 31 December 2019.

The Group's revenue from sales of properties was generated from the sales of auxiliary facilities units, office and retails units and residences. The decrease in revenue from sales of properties was mainly attributed to the decrease in the gross floor area delivered in 2019.

Cost of sales

Cost of sales of the Group increased by approximately 31.4% from approximately RMB54,556.5 million for the year ended 31 December 2018 to approximately RMB71,673.8 million for the year ended 31 December 2019. The increase is primarily due to the significant increase in trading volume of Zall Steel and CIC, cost of inventories of approximately RMB71,459.3 million incurred from the supply chain management and trading business.

Gross profit

Gross profit of the Group decreased by approximately 21.5% from approximately RMB1,559.6 million for the year ended 31 December 2018 to approximately RMB1,224.9 million for the year ended 31 December 2019. The Group's gross profit margin decreased from approximately 2.8% for the year ended 31 December 2018 to approximately 1.7% for the year ended 31 December 2019 which is mainly due to the changes of the revenue portfolio of the Group since the completion of acquisition of a majority equity interest in Shenzhen Sinoagri and HSH, and the establishment of Zall Steel and CIC. Given the characteristics of the supply chain management and trading business, it has contributed higher revenue but lower gross profit margin.

Other net loss

Other net loss of the Group increased by approximately 42.6% from approximately RMB530.5 million for the year ended 31 December 2018 to approximately RMB756.3 million for the year ended 31 December 2019. The increase was mainly due to the net loss recognized in the fair value change on the contingent consideration of acquisition of Shenzhen Sinoagri and loss on the dilution of interests in an associate.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately 7.8% from approximately RMB213.7 million for the year ended 31 December 2018 to approximately RMB197.0 million for the year ended 31 December 2019. The decrease was primarily due to the decrease in staff costs of approximately RMB5.4 million.

Administrative and other expenses

Administrative and other expenses of the Group decreased by approximately 13.0% from approximately RMB760.8 million for the year ended 31 December 2018 to approximately RMB662.1 million for the year ended 31 December 2019. The decrease was primarily due to offsetting effect of (i) decrease in share-based payment expenses of approximately RMB137.8 million and (ii) increase in staff cost of approximately RMB20.6 million.

Net valuation gain on investment properties

The Group holds a portion of properties developed for rental income and/or capital appreciation purposes. The Group's investment properties are revaluated at the end of the respective review period on an open market value or existing use basis by an independent property valuer. The net valuation gain on investment properties decreased by approximately 34.5% from approximately RMB3,865.2 million for the year ended 31 December 2018 to approximately RMB2,533.1 million for the year ended 31 December 2019. The decrease was primarily due to the decreased number of completed properties transferred to investment properties for rental purposes. The return of investment properties remains stable and the Group will closely monitors the performance of its investment and adjust investment plan when necessary.

Share of net losses of joint ventures

Share of net losses of joint ventures of the Group decreased by approximately 19.1% from share of net losses of approximately RMB2.3 million for the year ended 31 December 2018 to approximately share of net losses of RMB1.9 million for the year ended 31 December 2019. The decrease is primarily due to the decrease of Group's share of net losses of AP V-Best Supply Chain (Shanghai) Ltd. which is a joint venture of a majority equity interest since the acquisition of Shenzhen Sinoagri.

Share of net profits/(losses) of associates

Share of net profits/(losses) of associates changed from share of net losses of approximately RMB172.9 million for the year ended 31 December 2018 to share of net profits of approximately RMB8.3 million for the year ended 31 December 2019, which is mainly attributed to the profits from material associates of LightInTheBox Holding Co., Ltd. (蘭亭集勢) and Ningbo Haishangxian Information Technology Co., Ltd. (寧波海上鮮信息技術有限公司).

Finance income and costs

Finance income of the Group decreased by approximately 14.8% from approximately RMB206.0 million for the year ended 31 December 2018 to approximately RMB175.4 million for the year ended 31 December 2019. The decrease was mainly due to the decrease of interest income from fixed deposit.

Finance costs of the Group increased by approximately 59.6% from approximately RMB697.2 million for the year ended 31 December 2018 to approximately RMB1,112.5 million for the year ended 31 December 2019. The increase was mainly due to (i) the less amounts capitalised into properties under development and investment properties under development; (ii) the increase of the interest expense on interest-bearing borrowings; (iii) the increase of bill discounted expenses incurred by Shenzhen Sinoagri from adopting more bill settlements compared with last year.

Income tax

Income tax decreased by approximately 41.4% from approximately RMB1,074.2 million for the year ended 31 December 2018 to approximately RMB629.5 million for the year ended 31 December 2019. The decrease was mainly due to the decreased deferred tax as a result of the decrease of fair value gain from investment properties in 2019. The Group's effective tax rate increased from approximately 45.7% for the year ended 31 December 2018 to approximately 91.6% for the year ended 31 December 2019.

Profit for the year

For the year ended 31 December 2019, the Group recorded a net profit of approximately RMB57.5 million, representing a decrease of approximately 95.5% over the amount of approximately RMB1,273.9 million for the year ended 31 December 2018. For the year ended 31 December 2019, profit attributable to equity shareholders of the Company was approximately RMB92.8 million (31 December 2018: approximately RMB1,371.3 million).

Liquidity and capital resources

As at 31 December 2019, the Group had net current liabilities of approximately RMB2,405.0 million (31 December 2018: net current assets of approximately RMB605.7 million) and net assets of approximately RMB19,622.5 million (31 December 2018: approximately RMB19,608.8 million). As at 31 December 2019, the total equity attributable to equity shareholders of the Company amounted to approximately RMB19,079.0 million (31 December 2018: approximately RMB18,779.6 million), comprising issued capital of approximately RMB32.7 million (31 December 2018: approximately RMB32.4 million) and reserves of approximately RMB19,046.3 million (31 December 2018: approximately RMB18,747.2 million).

Cash position

The Group's cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC. The Group's cash and cash equivalents increased by approximately 11.2% from approximately RMB1,118.6 million as at 31 December 2018 to approximately RMB1,243.9 million as at 31 December 2019. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Interest-bearing borrowings

The Group's total long-term and short-term interest-bearing borrowings increased by approximately 30.0% from approximately RMB14,225.9 million as at 31 December 2018 to approximately RMB18,490.6 million as at 31 December 2019. The increase was mainly attributable to the increase of short-term loans to improve the liquidity of the Group. Majority of the loans were denominated in RMB, being the functional currency of the Group. Details of the interest rates during the year ended 31 December 2019 are set out in note 5(a) of the consolidated financial statements in this announcement.

Net gearing ratio

The Group's net gearing ratio increased from 52.4% as at 31 December 2018 to 65.7% as at 31 December 2019. The increase in net gearing ratio was mainly due to the increase of total short-term and long-term interest-bearing borrowings as at 31 December 2019. The net gearing ratio is calculated by dividing interest-bearing borrowings, net of cash and cash equivalents, pledged bank deposits and fixed deposits with banks with original maturity over three months, by total equity attributable to equity shareholders of the Company.

Foreign exchange risk

The Group's sales were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Board expects any future exchange rate fluctuation will not have any material effect on the Group's business. As at 31 December 2019, the Group did not use any financial instruments for hedging purpose. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Charge on assets

As at 31 December 2019, the Group had pledged certain of its assets with a total book value of approximately RMB28,384.2 million (31 December 2018: approximately RMB22,832.9 million) and a total book value of approximately RMB6,923.5 million (31 December 2018: approximately RMB6,238.6 million) for the purpose of securing certain of the Group's interest-bearing borrowings and bills payables respectively.

Material acquisitions and disposals of subsidiaries

In June 2019, Zalljinfu Corporate Management (Wuhan) Co., Ltd. ("**Zalljinfu Corporate Management**"), being an indirect wholly-owned subsidiary of the Company, and Zhong Bang Asset Management Co., Ltd. ("**Zhong Bank Asset Management**") entered into a disposal agreement, pursuant to which Zalljinfu Corporate Management agreed to sell, and Zhong Bang Asset Managemnet agreed to purchase, the entire equity interest in Zalljinfu Information Technology at a total consideration of RMB21,000,000, and Zall Financial Services Group Co., Ltd. ("**Zall Financial Services**"), being an indirect wholly-owned subsidiary of the Company, and Zhong Bang Asset Management entered into a disposal agreement, pursuant to which Zall Financial Services agreed to sell, and Zhong Bang Asset Management agreed to purchase, 35% equity interest in Zhong Bang Financial Leasing Co., Ltd. ("**Zhong Bang Financial Leasing**") at a total consideration of RMB44,000,000. Zalljinfu Information Technology is a company established in the PRC with limited liability and the principal businesses of Zalljinfu Information Technology and its subsidiaries are asset management, consulting business and guarantee business, provision of finance leasing service and etc. Zhong Bang Financial Leasing is a company established in the PRC with limited liability and it principally engages in the provision of finance leasing service. The disposal of total equity interest of Zalljinfu Information Technology was completed in July 2019, while the disposal of 35% equity interest of Zhong Bang Financial Leasing is not completed as at 31 December 2019.

In November 2019, CCTC Technology (Wuhan) Co. Ltd.("**CCTC Technology**"), being an indirect wholly-owned subsidiary of the Company, entered into the acquisition agreement with Hubei Huazhong Cotton Trade Centre Co. Ltd ("**Huazhong Cotton Trade Centre**"), pursuant to which Huazhong Cotton Trade Centre agreed to sell and CCTC Technology agreed to purchase the entire equity interest in CCTC (Taicang) Cotton Co. Ltd. ("**CCTC (Taicang)**"), at a total consideration of RMB30,964,000. CCTC (Taicang) is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of the Huazhong Cotton Trade Centre since its establishment. CCTC (Taicang) principally engages in online sales of textile raw materials and products, warehousing services and distribution of cotton raw materials and products. The aforementioned acquisition has been completed on 26 November 2019.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the year ended 31 December 2019 and up to the date of this announcement.

Segment reporting

Details of the segment reporting of the Group for the year ended 31 December 2019 are set out in note 3(b) of the consolidated financial statements in this announcement.

Contingent liabilities

In accordance with industrial practice, the Group has made arrangements with various PRC banks to provide mortgage facilities to the purchasers of its pre-sold properties. Pursuant to the terms of the guarantees, if there is a default of the mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyers obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyers.

As at 31 December 2019, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to RMB514.7 million (31 December 2018: RMB688.8 million). In addition, the Group provided a financial guarantee to a third party with bank deposits of the Group of RMB30,000,000 pledged to a bank as at 31 December 2019 (2018: nil).

CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRS, that are first effective for the current accounting period of the Group. For details, please refer to note 2 to the audited consolidated results of the Company in this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed a total of 1,887 full time employees (2018: 1,919). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2019, the employees benefit expenses were approximately RMB302.5 million (2018: approximately RMB355.5 million). The decrease is mainly due to the decrease in share-based payment expense for the year ended 31 December 2019. The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as shares and options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires.

The Group has also adopted a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group's operations. In relation to the Share Option Scheme, 76,887,950 share options were outstanding as at 31 December 2019.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

As disclosed in the 2019 Unaudited Annual Results Announcement, the Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its corporate governance code of practices. In the opinion of the Board, the Company had complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2019.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As disclosed in the 2019 Unaudited Annual Results Announcement, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as the code for dealing in securities of the Company by the Directors during the year ended 31 December 2019. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code for the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters of the Group. The audited annual results of the Group for the year ended 31 December 2019 have also been reviewed by the Audit Committee.

The Audit Committee consists of three independent non-executive Directors: Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Zhu Zhengfu. Mr. Cheung Ka Fai serves as the chairman of the Audit Committee.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by KPMG (the auditor of the Company), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019, as required under rule 13.49(2) of the Listing Rules. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this audited annual results announcement.

FINAL DIVIDEND

The Board confirms its recommendation in the 2019 Unaudited Annual Results Announcement that it does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

EXTRACT OF THE AUDITORS' REPORT TO BE ISSUED ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

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 2019 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 Companies Ordinance (Cap.622 of the laws of Hong Kong).

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 RMB2,405,018,000 as at 31 December 2019. 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 2019, the Group had net current liabilities of RMB2,405,018,000 (31 December 2018: net current assets of RMB605,777,000). 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, which may indicates the existence of a material uncertainty on the Group's ability to continue as a going concern.

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 continue 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.

In addition, bank loans and loans from other financial institutions of RMB10,195,942,000 were secured by certain investment properties and investment properties under development at 31 December 2019. 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Monday, 15 June 2020. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

In order to determine who are eligible to attend and vote at the AGM, the Company's register of members will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to be qualified to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 9 June 2020.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This audited annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.zallcn.com. The annual report for the year ended 31 December 2019 of the Group containing all the information required by the Listing Rules is expected to be published on the same websites and be dispatched to the shareholders of the Company on or before 15 May 2020.

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

Hong Kong, 29 April 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.