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 2020

The board (the "**Board**") of directors (the "**Directors**") of Zall Smart Commerce Group Ltd. (the "**Company**" or "**Zall Smart**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 as follows:

FINANCIAL HIGHLIGHTS

for the year ended 31 December 2020
(Expressed in Renminbi)

	2020	2019
	RMB'000	*RMB'000*
Revenue	**72,769,426**	72,898,756
Gross profit	**1,233,731**	1,224,911
Gross profit margin	**1.7%**	1.7%
(Loss)/profit for the year	**(1,349,238)**	57,519
(Losses)/earnings per share — Basic (RMB cents)	**(10.71)**	0.79
— Diluted (RMB cents)	**(10.71)**	0.79
Total non-current assets	**32,543,379**	32,286,754
Total current assets	**29,540,372**	29,158,306
Non-current assets held for sale	**44,179**	44,179
Total assets	**62,127,930**	61,489,239
Total non-current liabilities	**10,540,652**	10,259,262
Total current liabilities	**33,252,822**	31,607,503
Total liabilities	**43,793,474**	41,866,765
Net assets	**18,334,456**	19,622,474

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2020
(Expressed in Renminbi)

	Note	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3(a)*	**72,769,426**	72,898,756
Cost of sales		**(71,535,695)**	(71,673,845)
Gross profit		**1,233,731**	1,224,911
Other net income/(loss)	*4*	**248,692**	(756,289)
Selling and distribution expenses		**(169,145)**	(197,009)
Administrative and other expenses		**(621,362)**	(662,097)
Impairment loss on trade and other receivables		**(440,621)**	(246,229)
Impairment loss on intangible assets		**(126,484)**	(20,300)
Impairment loss on goodwill		**(199,437)**	(258,327)
Loss from operations before changes in fair value of investment properties		**(74,626)**	(915,340)
Net valuation (loss)/gain on investment properties		**(420,879)**	2,533,075
(Loss)/profit from operations		**(495,505)**	1,617,735
Finance income	*5(a)*	**248,040**	175,443
Finance costs	*5(a)*	**(1,294,190)**	(1,112,535)
Share of net profits of associates		**30,445**	8,313
Share of net losses of joint ventures		**(2,458)**	(1,895)
Reversal of impairment loss on investment in an associate		**14,973**	–
(Loss)/profit before taxation	*5*	**(1,498,695)**	687,061
Income tax credit/(expense)	*6(a)*	**149,457**	(629,542)
(Loss)/profit for the year		**(1,349,238)**	57,519
Attributable to:			
Equity shareholders of the Company		**(1,260,450)**	92,797
Non-controlling interests		**(88,788)**	(35,278)
(Loss)/profit for the year		**(1,349,238)**	57,519
(Losses)/earnings per share (RMB cents)			
Basic	*7*	**(10.71)**	0.79
Diluted	*7*	**(10.71)**	0.79

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020
(Expressed in Renminbi)

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(1,349,238)**	57,519
Other comprehensive (loss)/income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income/(loss) of an associate	**5,532**	(1,450)
Exchange differences on translation of:		
— financial statements of operations outside Mainland China	**(9,580)**	8,220
Other comprehensive (loss)/income for the year	**(4,048)**	6,770
Total comprehensive (loss)/income for the year	**(1,353,286)**	64,289
Attributable to:		
Equity shareholders of the Company	**(1,264,762)**	98,237
Non-controlling interests	**(88,524)**	(33,948)
Total comprehensive (loss)/income for the year	**(1,353,286)**	64,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020
(Expressed in Renminbi)

	Note	**2020**	2019
		RMB'000	*RMB'000*
Non-current assets			
Investment properties		**29,502,397**	29,168,628
Property, plant and equipment	*8*	**435,766**	331,515
Intangible assets		**550,401**	715,058
Goodwill		**852,167**	990,637
Interests in associates		**505,415**	460,936
Interests in joint ventures		**23,570**	24,279
Equity investment at fair value through other comprehensive income		**8,702**	8,702
Contract assets		**342,145**	339,388
Deferred tax assets		**322,816**	247,611
		32,543,379	32,286,754
Current assets			
Financial assets at fair value through profit or loss		**3,851,385**	4,794,964
Inventories		**4,531,012**	5,833,647
Prepaid taxes		**23,219**	20,538
Trade and other receivables	*9*	**12,605,216**	11,733,935
Amounts due from related parties		**649,068**	820,919
Fixed deposits with banks with original maturity over three months		**–**	30,014
Pledged bank deposits		**6,695,764**	4,680,345
Cash and cash equivalents		**1,184,708**	1,243,944
		29,540,372	29,158,306
Non-current assets held for sale		**44,179**	44,179
		29,584,551	29,202,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
as at 31 December 2020
(Expressed in Renminbi)

	Note	**2020**	2019
		RMB'000	*RMB'000*
Current liabilities			
Financial liabilities at fair value through profit or loss		**155,959**	315,674
Trade and other payables	*10*	**12,961,264**	13,609,439
Contract liabilities		**4,025,312**	3,054,538
Lease liabilities		**15,108**	13,531
Amounts due to related parties		**138,717**	95,072
Interest-bearing borrowings		**15,408,557**	14,017,079
Current taxation		**547,905**	502,170
		33,252,822	31,607,503
Net current liabilities		**(3,668,271)**	(2,405,018)
Total assets less current liabilities		**28,875,108**	29,881,736
Non-current liabilities			
Interest-bearing borrowings		**5,271,025**	4,473,534
Deferred income		**9,073**	8,612
Lease liabilities		**19,870**	12,190
Amounts due to related parties		**–**	373,230
Deferred tax liabilities		**5,240,684**	5,391,696
		10,540,652	10,259,262
NET ASSETS		**18,334,456**	19,622,474
CAPITAL AND RESERVES	*11*		
Share capital		**32,733**	32,733
Reserves		**17,837,396**	19,046,261
Total equity attributable to equity shareholders of the Company		**17,870,129**	19,078,994
Non-controlling interests		**464,327**	543,480
TOTAL EQUITY		**18,334,456**	19,622,474

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 amendments to 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 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 as explained in the accounting policies 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; and

— contingent considerations recognised in business combinations.

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

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

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

— the Group is actively and regularly reviewing its capital structure and will consider raising additional capital by issuing bonds or new shares, where appropriate;

— The Group may dispose of non-core business and assets to raise additional capital.

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

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

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, Definition of a Business
- Amendment to IFRS 16, COVID-19-Related Rent Concessions

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The adoption of Amendments to IFRS 3, *Definition of a Business*, does not have any material impact on the financial position and the financial result of the Group.

Amendment to IFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-Related Rent Concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 8). There is no impact on the opening balance of equity at 1 January 2020.

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:

	2020	2019
	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	**404,674**	127,363
— Revenue from supply chain management and trading business	**71,443,714**	71,748,471
— Revenue from construction contracts	**2,757**	9,512
— Others	**34,202**	18,937
	71,885,347	71,904,283
Revenue from other sources		
Gross rentals from investment properties		
— Lease payments that are fixed	**718,881**	769,097
Financing income	**100,641**	160,886
Others	**64,557**	64,490
	72,769,426	72,898,756

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.

The Group's customer base is diversified and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2020 (2019: Nil).

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

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB388,488,000 (2019: RMB767,646,000). 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 (2019: 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 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 two 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.

— Supply chain management and trading: 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 2020 and 2019 is set out below.

	Property development and related services		Supply chain management and trading		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregation by timing of revenue recognition						
Point in time	**324,636**	72,510	**71,292,441**	71,571,635	**71,617,077**	71,644,145
Over time	**866,233**	897,952	**251,914**	315,684	**1,118,147**	1,213,636
Revenue from external customers	**1,190,869**	970,462	**71,544,355**	71,887,319	**72,735,224**	72,857,781
Inter-segment revenue	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**1,190,869**	970,462	**71,544,355**	71,887,319	**72,735,224**	72,857,781
Reportable segment profit/(loss)	**303,141**	323,706	**(295,087)**	(134,886)	**8,054**	188,820
Net valuation (loss)/gain on investment properties	**(420,879)**	2,533,075	**–**	–	**(420,879)**	2,533,075
Finance income	**1,406**	1,046	**246,621**	174,318	**248,027**	175,364
Finance costs	**(841,798)**	(555,722)	**(449,841)**	(424,512)	**(1,291,639)**	(980,234)
Depreciation and amortisation	**(18,223)**	(13,852)	**(48,644)**	(39,776)	**(66,867)**	(53,628)
Share of net losses of associates	**–**	–	**(5,341)**	(1,152)	**(5,341)**	(1,152)
Share of net losses of joint ventures	**–**	(495)	**(2,458)**	(1,400)	**(2,458)**	(1,895)
Reportable segment assets	**36,024,988**	38,109,729	**24,283,306**	21,394,947	**60,308,294**	59,504,676
Additions to non-current segment assets during the year	**19,894**	7,737	**100,319**	72,304	**120,213**	80,041
Reportable segment liabilities	**10,431,872**	12,255,291	**23,709,951**	20,667,873	**34,141,823**	32,923,164

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

Revenue

	2020	2019
	RMB'000	*RMB'000*
Reportable segment revenue	**72,735,224**	72,857,781
Other revenue	**34,202**	40,975
Consolidated revenue *(note 3(a))*	**72,769,426**	72,898,756

Profit

	2020	2019
	RMB'000	*RMB'000*
Reportable segment profit derived from the Group's external customers	**8,054**	188,820
Other net income/(loss)	**248,692**	(756,289)
Net valuation (loss)/gain on investment properties	**(420,879)**	2,533,075
Finance income	**248,040**	175,443
Finance costs	**(1,294,190)**	(1,112,535)
Share of net profits of associates	**30,445**	8,313
Share of net losses of joint ventures	**(2,458)**	(1,895)
Reversal of impairment loss on investment in an associate	**14,973**	–
Unallocated head office and corporate expenses	**(331,372)**	(347,871)
Consolidated (loss)/profit before taxation	**(1,498,695)**	687,061

Assets

	2020	2019
	RMB'000	*RMB'000*
Reportable segment assets	**60,308,294**	59,504,676
Elimination of inter-segment receivables	**(784,339)**	(705,263)
	59,523,955	58,799,413
Interests in joint ventures	**23,570**	24,279
Interests in associates	**505,415**	460,936
Deferred tax assets	**322,816**	247,611
Prepaid taxes	**23,219**	20,538
Non-current assets held for sale	**44,179**	44,179
Unallocated head office and corporate assets	**1,684,776**	1,892,283
Consolidated total assets	**62,127,930**	61,489,239

Liabilities

	2020	2019
	RMB'000	*RMB'000*
Reportable segment liabilities	**34,141,823**	32,923,164
Elimination of inter-segment payables	**(784,339)**	(705,263)
	33,357,484	32,217,901
Current taxation	**547,905**	502,170
Deferred tax liabilities	**5,240,684**	5,391,696
Unallocated head office and corporate liabilities	**4,647,401**	3,754,998
Consolidated total liabilities	**43,793,474**	41,866,765

(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 were 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 associates and joint ventures.

	Revenue from external customers		**Specified non-current assets**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**66,240,652**	70,074,543	**31,858,539**	31,683,293
Singapore	**6,000,134**	2,576,332	**11,177**	7,760
Others	**528,640**	247,881	**–**	–
	72,769,426	72,898,756	**31,869,716**	31,691,053

The analysis above includes property rental income from external customers in Mainland China of RMB783,438,000 (2019: RMB833,587,000).

4 OTHER NET INCOME/(LOSS)

	2020 *RMB'000*	2019 *RMB'000*
Net fair value changes on financial instruments at fair value through profit or loss		
— listed equity securities	**5,102**	(812,810)
— wealth management products and trust products	**155,464**	136,205
— forward contracts	**(7,520)**	–
— derivative financial instruments	**–**	124,328
— contingent consideration	**(14,131)**	(165,722)
— convertible redeemable preference shares of a subsidiary	**13,617**	37,717
Net gain/(loss) on the dilution of interests in associates	**1,371**	(63,625)
Loss on disposal of listed equity securities	**–**	(61,705)
Government subsidies	**61,378**	43,587
Loss on disposal of investment properties	**–**	(5,668)
Net gain on disposal of subsidiaries	**23,917**	5,357
Others	**9,494**	6,047
	248,692	(756,289)

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	2020 *RMB'000*	2019 *RMB'000*
Finance income		
Interest income	**(248,040)**	(175,443)
Finance costs		
Interest on interest-bearing borrowings	**988,281**	909,555
Interest on lease liabilities	**1,144**	1,241
Other borrowing costs	**17,295**	12,764
Less: amounts capitalised into properties under development and investment properties under development*	**(56,325)**	(113,759)
	950,395	809,801
Bank charges and others	**318,711**	297,295
Net foreign exchange loss	**25,084**	5,439
	1,294,190	1,112,535

* The borrowing costs have been capitalised at rates ranging from 5.23%–12.20% per annum for the year ended 31 December 2020 (2019: 4.75%–12.20%).

(b) Staff costs

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**305,711**	268,551
Contributions to defined contribution retirement plan	**13,046**	30,056
Equity-settled share-based payment expenses	**(28,078)**	3,858
	290,679	302,465

(c) Other items

	2020	2019
	RMB'000	*RMB'000*
Amortisation		
— intangible assets	**54,785**	58,270
Depreciation *(note 8)*		
— owned property, plant and equipment	**35,658**	31,139
— right-of-use assets	**16,207**	14,438
Impairment losses		
— trade debtors and bill receivables	**387,514**	201,237
— loans and factoring receivables	**53,107**	44,992
Auditors' remuneration		
— audit services	**5,200**	5,150
Research and development costs (other than amortisation costs)	**57,409**	54,402
Rentals receivable from investment properties less direct outgoings of RMB24,203,000 (2019: RMB14,317,000)	**(694,678)**	(754,780)
Cost of construction contracts	**2,757**	9,512
Cost of commodities sold	**71,176,257**	71,459,292
Cost of properties sold	**216,634**	51,878

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2020	2019
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("**PRC CIT**")	**59,043**	78,720
PRC Land Appreciate Tax ("**PRC LAT**")	**5,854**	1,998
	64,897	80,718
Deferred tax		
Origination and reversal of temporary differences	**(214,354)**	548,824
	(149,457)	629,542

(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 2020 and 2019.

(iii) Pursuant to the rules and regulations applicable to encouraged industries in the PRC western development strategy and e-commerce industry in Guangxi province, 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 2020, and two subsidiaries of the Group, Guangxi Sugar Market Network Co., Ltd. and Guangxi Brave Block Trading Market Co., Ltd., are subject to PRC CIT at a preferential tax rate of 9% for the year ended 31 December 2020. Pursuant to the rules and regulations applicable to advanced technology enterprises of the PRC, three subsidiaries of the Group, Zallgo Information Technology (Wuhan) Co., Ltd., 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% for the year ended 31 December 2020. 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 2020 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 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 LOSSES/EARNINGS PER SHARE

(a) Basic losses/earnings per share

The calculation of basic losses per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB1,260,450,000 (2019: profit of RMB92,797,000) and the weighted average of 11,766,253,000 ordinary shares (2019: 11,696,778,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 January	**11,782,826**	11,681,732
Effect of shares issued under Management Shares Award Scheme but not yet vested	**(31,104)**	(49,429)
Effect of vested Incentive Shares	**–**	1,443
Effect of vested VKC Consultancy Service Consideration Shares	**14,531**	5,770
Effect of vested shares under Management Shares Award Scheme	**–**	760
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	**11,766,253**	11,696,778

(b) Diluted losses/earnings per share

There were no dilutive ordinary shares issued for the year ended 31 December 2020, and therefore, diluted losses per share is the same as the basic losses per share for the year.

The calculation of diluted earnings per share for the year ended 31 December 2019 is based on the profit attributable to ordinary equity shareholders of the Company of RMB92,797,000 and the weighted average number of ordinary shares of 11,729,015,000 shares in issue during the year.

8 PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for own use *RMB'000*	Other properties leased for own use *RMB'000*	Motor vehicles *RMB'000*	Furniture, office equipment and others *RMB'000*	Total *RMB'000*
Cost:					
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 2019/1 January 2020	351,679	40,837	29,967	117,291	539,774
Additions	**39,450**	**29,879**	**1,750**	**19,157**	**90,236**
Addition through acquisition of subsidiaries	**–**	**–**	**–**	**997**	**997**
Transfer from investment properties	**76,584**	**–**	**–**	**–**	**76,584**
Disposals	**(4,232)**	**(15,003)**	**(236)**	**(3,469)**	**(22,940)**
Disposals arising from disposal of subsidiaries	**(6,535)**	**(7,836)**	**(918)**	**(2,350)**	**(17,639)**
At 31 December 2020	**456,946**	**47,877**	**30,563**	**131,626**	**667,012**
Accumulated depreciation:					
At 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 2019/1 January 2020	**93,136**	**14,438**	**24,386**	**76,299**	**208,259**
Charge for the year	**22,667**	**16,207**	**1,773**	**11,218**	**51,865**
Addition through acquisition of subsidiaries	**–**	**–**	**–**	**454**	**454**
Written back on disposals	**(3,451)**	**(15,003)**	**(170)**	**(1,872)**	**(20,496)**
Disposals arising from disposal of subsidiaries	**(3,506)**	**(2,946)**	**(809)**	**(1,575)**	**(8,836)**
At 31 December 2020	**108,846**	**12,696**	**25,180**	**84,524**	**231,246**
Net book value:					
At 31 December 2020	**348,100**	**35,181**	**5,383**	**47,102**	**435,766**
At 31 December 2019	258,543	26,399	5,581	40,992	331,515

The ownership certificates for certain buildings with net book value of RMB39,744,000 (2019: RMB16,029,000) 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 2020, the Group's buildings with carrying value of RMB115,898,000 and RMB458,000 (2019: RMB98,225,000 and nil) were pledged as collateral for the Group's interest-bearing borrowings and bills payables respectively.

(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	**2020** **RMB'000**	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		**348,100**	258,543
Other properties leased for own use, carried at depreciated cost	*(ii)*	**35,181**	26,399
		`383,281	284,942
Included in "Investment properties":			
Ownership interests in leasehold investment properties, carried at fair value, with remaining lease term of:			
— 50 years or more		**85,489**	85,869
— between 10 and 50 years		**29,416,908**	29,082,759
		29,502,397	29,168,628
Included in "Inventories":			
Completed properties held for sale		**1,052,632**	1,087,975
Properties under development for sale		**521,815**	1,310,683
		1,574,447	2,398,658
		31,460,125	31,852,228

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

	2020	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**22,667**	18,419
Other properties leased for own use	**16,207**	14,438
	38,874	32,857
Interest on lease liabilities *(note 5(a))*	**1,144**	1,241
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**8,843**	10,816
COVID-19 related rent concessions received	**1,064**	–

During the year, additions to right-of-use assets were RMB29,879,000 (2019: RMB14,962,000). This amount is primarily related to the capitalised lease payments payable under new tenancy agreements.

As disclosed in note 2, the Group has early adopted the Amendment to IFRS 16, *Leases, Covid-19-Related Rent Concessions*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period. Further details are disclosed in (ii) below.

(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 the properties leased for own use include an option to renew the lease for an additional period after the end of the contract term.

During 2020 the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed lease payments for the year is summarised below:

		2020	
	Fixed payments	**COVID-19 rent concessions**	**Total payments**
	RMB'000	***RMB'000***	***RMB'000***
Office premises and warehouses	**16,022**	**(1,064)**	**14,958**

	2019 Fixed payments *RMB'000*
Office premises and warehouses	15,364

9 TRADE AND OTHER RECEIVABLES

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
Trade debtors and bills receivables, net of loss allowance	*9(a)*	**5,951,018**	5,654,627
Loans and factoring receivables, net of loss allowance	*9(b)*	**1,602,380**	1,409,208
		7,553,398	7,063,835
Advances to suppliers		**3,526,630**	2,893,150
Other receivables, deposits and prepayments		**1,525,188**	1,776,950
		12,605,216	11,733,935

Trade and other receivables of the Group included deposits of RMB17,610,000 (2019: RMB19,616,000) 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 2020, trade debtors of RMB24,739,000 (2019: RMB25,679,000) and other receivables of RMB8,000,000 (2019: 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:

	2020 ***RMB'000***	2019 *RMB'000*
Within 6 months	**1,507,850**	3,865,388
6 to 12 months	**4,221,400**	1,032,370
Over 12 months	**221,768**	756,869
	5,951,018	5,654,627

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

	2020 ***RMB'000***	2019 *RMB'000*
Secured loans receivable, net of loss allowance (i)	**1,479,820**	1,377,962
Unsecured loans receivable, net of loss allowance	**39,386**	3,884
Factoring receivables, net of loss allowance	**83,174**	27,362
	1,602,380	1,409,208

(i) Secured loans receivable represents 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:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**1,317,522**	1,122,268
6 to 12 months	**34,990**	47,235
Over 12 months	**249,868**	239,705
	1,602,380	1,409,208

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

10 TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade and bills payables (i)	**9,809,418**	10,522,064
Receipts in advance (ii)	**238,000**	268,324
Other payables and accruals	**2,913,846**	2,819,051
	12,961,264	13,609,439

The amount of deposits expected to be settled after more than one year is RMB21,981,000 (2019: RMB13,919,000). 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, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**3,464,900**	6,654,358
Over 6 months but within 12 months	**5,408,737**	3,006,755
Over 12 months	**935,781**	860,951
	9,809,418	10,522,064

(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:

	2020	2019
	RMB'000	*RMB'000*
Pledged bank deposits	**4,590,284**	3,390,862
Wealth management products and trust products	**2,803,162**	3,432,913
Investment properties	**108,388**	98,965
Completed properties held for sale	**332**	724
Property, plant and equipment *(note 8)*	**458**	–
	7,502,624	6,923,464

11 CAPITAL AND DIVIDENDS

(a) Share capital

	2020		2019	
	Number of shares ***('000)***	**Amount** ***HKD'000***	Number of shares *('000)*	Amount *HKD'000*
Authorised:				
Ordinary shares of HKD0.00333̇ each	**24,000,000**	**80,000**	24,000,000	80,000
Ordinary shares, issued and fully paid:				
At 1 January	**11,782,826**	**39,275**	11,681,732	38,938
Issuance of new shares as consideration for acquisition of non-controlling interest of a subsidiary	**–**	**–**	101,094	337
At 31 December	**11,782,826**	**39,275**	11,782,826	39,275

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.

(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 year ended 31 December 2020 (2019: Nil).

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

No dividends in respect of the previous financial year were approved and paid during the years ended 31 December 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Consumer product-focused wholesale trading

With 32,000 merchants operating stably and mega market clusters with developed and developing area exceeding 6.8 million square metres in total, the Group's core project, the North Hankou International Trade Centre has now formed more than 30 large niche market clusters covering hotel supplies, branded clothing, second-hand vehicles, small merchandises, bedding, footwear and leatherware, hardware and electrical products, labour protection supplies, non-staple food, etc. The annual transaction amount achieved in 2020 was approximately RMB98.1 billion. During the year, the Group received accolades including "Live Broadcast Demonstration Base of Commodity Exchange Market in China", "Most Attractive Commodity Trading Market in China (North Hankou Small Merchandise City)", "Most Promising Commodity Trading Market in China (Hankou North Second-hand Vehicles World)", "Most Innovative Commodity Trading Market in China (North Hankou Branded Clothing City", "Most Influential Commodity Trading Market in China (North Hankou Hotel Supplies City)" awarded by the Chinese Association of Market Development, as well as Outstanding Enterprise in 2018–2019 awarded by Wuhan Enterprise Confederation and Wuhan Entrepreneurs Association.

In 2020, amid the COVID-19 pandemic, North Hankou International Trade Centre fully resumed work and production on 28 March 2020, becoming the first large-scale integrated commercial, trading and logistics market resuming work and market in Wuhan following the outbreak of the epidemic, and no major outbreak has occurred throughout the year. Upon resumption of work and production, North Hankou International Trade Centre tapped the potential and carried out innovative marketing with integrated online and offline efforts, built and put into use the Hankou North Live Broadcast Product Selection Centre, introduced a number of national supply chain enterprises and live broadcast service agencies to settle there, and spared no effort in building a national-level all-round e-commerce live broadcast industrial park; assisted tenants in broadening their sales channels through live broadcast by carrying out more than 7,500 live e-commerce activities, with a cumulative number of viewers exceeding 7 million; planned online purchase activities with various themes including the "North Hankou Spring and Summer Live E-commerce Purchase Festival"; and arranged tenants from various sectors to vigorously roll out more online goods order fairs. North Hankou International Trade Centre completed the hosting of the Global Digital Trade Conference and the 11th Wuhan Commodities Fair with high quality in 2020, inviting diplomatic envoys and procurement delegations from more than 50 countries, including "the Belt and Road" and RCEP participating countries, 100 industrial internet enterprises, 100 international trade enterprises, 100 wholesale markets, hundreds of representatives of trade associations, heads of 100 well-known enterprises and more than 5,000 brands to participate in the exhibition, and carrying out economic and trade activities such as import and export trade procurement, supply and demand docking, on-site contract signing, live broadcast trade, cross-border e-commerce and forum exchanges.

Moreover, even under the impact of the epidemic, North Hankou International Trade Centre made a breakthrough in carrying out more than 120 live broadcasts to further attract market players by launching additional campaigns, vigorously bringing in various types of business such as food and beverage, fashion, daily supplies, accommodation, entertainment, shopping, travel and exhibition, and achieving an additional take-up area of about 300,000 square metres, among which 98 Han-style women's clothing factories were introduced to carry out direct sales, covering an area of 10,000 square metres. The Centre expanded the market scale, launched Area J6 and its supporting projects, completed the construction works and put it into operation; started the construction works of Area K, completed all the main body and masonry works, and is finishing the final works of the project, which is planned to be put into use in 2021. The North Hankou Transportation Terminal already officially commenced operation on 31 May 2020, and the passenger transport function of Hankou Xinrong Passenger Transport Station was fully moved to North Hankou Transportation Terminal on 1 July 2020. At the beginning of 2021, the Wuhan International Trade City project officially commenced in the north of Hankou. It plans to further build 12 major thematic functional projects based on the existing North Hankou International Trade Centre, so as to accelerate the upgrade of the overall planning for market size, functional elements, business fundamentals as well as transportation and livelihood supporting facilities.

Keeping up with the trend of industrial transformation and upgrading in Beijing-Tianjin-Hebei region, Tianjin Zall E-commerce Mall, the Group's flagship project in Northern China, has dug deep into the industrial and resource advantages of Northern China, established an ecological cluster model of online commodity trading, achieved the integration of online and offline development, and built itself into a benchmark digital commodity trading platform in Northern China, forming the linked development of the northern and southern markets. Following the COVID-19 pandemic in 2020, Tianjin E-commerce Mall Project resumed work and production steadily, set a foothold on the local market by deeply exploring various market resources such as flower, bird, fish, pet, antiques, home decoration and building materials as well as leather clothing, etc., achieving online and offline promotion simultaneously, and continuously promoting the development of characteristic industries. The home decoration plaza of Tianjin Zall E-commerce Mall officially commenced operation on 28 May 2020 following the relocation of the old building materials markets in Tianjin. More than 300 brand retail tenants from the old-brand decoration markets such as Houtai, Wangdingdi and Dengdian in Tianjin were relocated to the mall altogether, featuring various first-line brand retailers such as Nobel Ceramic Tile, Power Dekor, Opple, Fotile Water Heater, Midea Integrated Ceiling, etc. On 28 October 2020, Tianjin Leather City re-opened after decoration and upgrading. The mall has fully introduced domestic and foreign high-grade fur brands, fur production enterprises and brand distributors with business scale, including quality merchants in Haining and Wenzhou, with a view to building a mega fashion fur consumption centre with both scale and quality in Northern China. On 25 December 2020, Zall World of Artefacts and Ornaments, located in the West District of Block B1, was fully put into operation, with business scope covering various cultural and artistic collections such as artefacts and ornaments, calligraphy and painting, jewellery and jade, antique furniture, etc., providing a professional exchange and appreciation platform for enthusiasts of artefacts and ornaments at large.

Supply chain management and trading

The Group has established a B2B trading platform matrix for agricultural products, chemicals, plastics, ferrous metals, non-ferrous metals, energy, etc. so far.

In 2020, on the basis of insisting on going digital, pursuing online operations and offering an array of tailored solutions for various scenarios, the Group's large-scale agricultural products B2B platform, Shenzhen Sinoagri E-commerce Co., Ltd* (深圳市中農網有限公司) ("**Shenzhen Sinoagri**"), superimposed the digital value on the commercial value of the business model, and continuously enhanced the service experience of a digital supply chain. Shenzhen Sinoagri iteratively launched the online self-operated Mutian Mall on the basis of its existing business. Meanwhile, Shenzhen Sinoagri also launched its online customer self-service business, Wechat mini programmes for the mall, and completed the reconstruction of ERP platform to seamlessly connect with the mall's system by migrating its service architecture, so as to accurately match user requirements through finer product granularity and effectively boost customer stickiness and conversion rates. With the gradual increase in customer orders received by Mutian Mall, the bargaining power of the platform's industry chain and digital service standards have been further improved. At the same time, in terms of data risk control, the platform's involvement in technology is also increasing. The platform has improved its customer credit model evaluation system and promoted the online deployment of the customer credit evaluation system by setting up an online credit factory and introducing third-party data for anti-fraud verification. Fully online process, customer credit model evaluation system and digital transformation of assets all lay a solid foundation for unleashing the digital power of Shenzhen Sinoagri. In 2020, Shenzhen Sinoagri linked up with advantageous external resources to further shareholding restructuring and strategic planning. In order to further improve the management quality and resource expansion of its principal business in bave, Shenzhen Sinoagri completed the strategic shareholding restructuring and business restructuring of Guangxi Bave Block Trading Market by introducing the state-owned enterprise Beibu Gulf Equity Exchange Group as its cornerstone shareholder. After the restructuring, Shenzhen Sinoagri will continue to give full play to its advantages in digital platform operation and empowering industries, and leverage Guangxi's strong local shareholder resources to further enhance the influence of China's bave industry. Meanwhile, as the lead investor, Shenzhen Sinoagri completed the A+ round of investment with BASF and Evonik in Smart AHC, successfully opening up a new business opportunity in the smart breeding of live pigs. In order to further improve the operating quality and profitability of the existing business, the coffee business of Shenzhen Sinoagri (with Shenzhen Sinoagri Yilian Company as the entity) and Marubeni Corporation in Japan entered a substantive operation stage in July 2020, and successfully launched the "Hey Coffee" product series mainly composed of coffee beans and drip coffee. In 2020, even in the face of the adverse effects of the epidemic, the bave of Shenzhen Sinoagri, as the first business category to go international, continued to actively expand into the European market, with a total export order of USD4.98 million. The platform launched an export plan for apple products to enter the Southeast Asian market, and made the first apple export to the Philippines during the reporting period. The coffee business category of the platform successfully made its debut Vietnam coffee beans import. As at 31 December 2020, there were 25,156 new enterprise users on the platform of Shenzhen Sinoagri, and the operating revenue was about RMB38.1 billion.

As a chemical e-commerce operator that leads the future of the industry, HSH International Inc. ("**HSH**"), a subsidiary of the Group, is committed to promoting the infrastructure construction of "Internet + chemicals and plastic raw materials", opening up the closed loop of transaction of information flow, logistics and capital flow in the entire industry chain for chemicals and plastic raw materials. It aims to construct a new ecosystem for the entire industry chain of the chemical and plastic raw material industry through an innovative mode of distributed sharing platform. In the post-epidemic era, financial institutions support the development of medium, small and micro enterprises on a targeted basis; the operation of downstream factories have basically recovered to the pre-epidemic level. Stimulated by various policies such as the state's tax and fees reduction initiatives and acceleration of the establishment of a new development pattern based on domestic circulation as the mainstay, with mutually reinforcing international and domestic dual circulation, the overall demand of the chemicals and plastics market has been effectively unleashed, and the market will demonstrate stable growth. As at 31 December 2020, the accumulative number of customers of the platform reached 45,577, and the operating revenue was approximately RMB7.9 billion.

In the bulk black commodity sector, Shanghai Zall Steel E-commerce Co., Ltd* (上海卓鋼鏈電子商務有限公司) ("**Zall Steel**"), a subsidiary of the Group, 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 2020, Zall Steel radiated to 6 major steel markets, including East China, Central China, South China, North China, Southwest China and Northwest China, with Shanghai as the centre, and established 25 trading service centres in various trading areas, with about 40,000 registered members and 23 standard warehouses, serving nearly 1,000 special supply chain products customers of the platform. As at 31 December 2020, Zall Steel recorded operating revenue of approximately RMB16.9 billion.

In respect of global commodity online trading, the Group's Commodities Intelligence Centre Pte Ltd. ("**CIC**") provides integrated services covering transaction matching, custom clearance and declaration, supply chain logistics, trade financing, supply chain finance and global compliance regulation, as well as trade data and trade index services, achieving smart commodity trading throughout the process. As at 31 December 2020, CIC recorded accumulative transaction amount of over USD13.4 billion, over 5,800 registered users and revenue of approximately RMB7.9 billion, which completed its business layout in China, Singapore, Australia, India, Malaysia and many other Asian countries, focusing on transactions in non-ferrous metals, ferrous metals, chemicals and plastics materials, agricultural products, oil products and other categories. As the epidemic has highlighted the importance of digital transformation in the commodity sector, the number of customers on the CIC platform also increased by 26% as compared with the same period of 2019, resulting in an increasing level of activity on the entire platform. Through the integration of professional medical technology on the online platform with offline supply chain logistics, CIC assured its capabilities for the international procurement and supply of various medical supplies during the entire period of the Group's fight against the epidemic to the aid of 16 countries in their fight against the epidemic together. Meanwhile, in order to help the digital transformation of Singapore enterprises, CIC also signed a strategic cooperation agreement with Singapore Business Federation and became the preferred partner in the Rising in Support of Enterprises

(RISE) Programme launched by Enterprise Singapore and Singapore Business Federation to help small and medium-sized enterprises cope with the challenges of the COVID-19 pandemic. In order to strengthen the coordinated progress and development of the CIC platform and ZMA Smart Capital Pte. Ltd. (卓紅金服), CIC also joined the Blockchain for Trade & Connectivity (BTC) Network launched by Singapore. Through its characteristic blockchain product TradePro, business intelligence analysis tool DataPro and other special service tools, the platform fully adopts blockchain technology, achieves transparent operation of business flow, logistics and cash flow through data writing, distributed bookkeeping and intelligent contracts, reduces information transmission costs and transaction costs of traditional channels, and ensures safe transactions in the trade process of multi-party platforms and enterprises.

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

Warehousing and logistics services

Zallfuhui Information Technology (Wuhan) Co., Ltd.* (卓服滙信息科技(武漢)有限公司) ("**Zall Cloud Warehouse (卓爾雲倉)**"), a subsidiary of the Group, is committed to building a comprehensive supply chain service platform integrating warehousing, logistics and financial supervision, focusing 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 process. Zall Cloud Warehouse withstood the test from the epidemic challenge during 2020 and steadily established its national presence in order to meet the increasingly growing business demand, adding 184 whitelisted supervised warehouses in Shanghai, Hangzhou, Qingdao, Ningbo, etc during the year. In addition, the intelligent warehouse operation team set up by Zall Cloud Warehouse provided "intelligent warehousing, one-click delivery" service for the e-commerce transformation of wholesale merchants in North Hankou, and the current delivery volume is up to nearly ten thousand orders per day. Wuhan Zall Cloud Intelligent Warehouse Centre has gradually become an influential warehouse platform in the Central China region, with settled enterprises covering areas such as electronic appliances, food and beverage, packaging materials, protective equipment, office stationery, auto parts, shoes and clothing, as well as catering.

In respect of logistics services, based on the development strategy of "Technology Driven + Supply Chain Driven", Zallsoon Information Technology (Wuhan) Co., Ltd.* (卓集送信息科技(武漢)有限公司) ("**Zallsoon (卓集送)**"), a subsidiary of the Group, made innovation and development in logistics information technology and supply chain management, and helped the logistics industry reduce costs and increase efficiency with technology in 2020, in addition to providing enterprise customers with one-stop logistics services including intracity express transportation, long-distance freight transportation, cold chain warehousing and distribution. Zallsoon won the title of "National High-tech Enterprise" in 2020, and has so far obtained 12 software copyrights and is applying for 11 patent inventions.

In respect of supply chain management, leveraging on many years' experience in cold chain warehouse distribution service, Zallsoon has taken supply chain finance as the point of entry for building an excellent risk control system and intelligent warehouse management facilities through the application of Internet of Things and Internet big data, and is committed to building a one-stop supply chain cold chain service platform integrating business flow, logistics, capital flow and information flow. Throughout year 2020, 5.8 million of cold chain deliveries were made by Zallsoon. Zallsoon plans to set up self-operated cold chain centres in Wuhan, Zhengzhou, Hunan, Jiangxi and Central China in 2021, continuously radiating outward to build a nationwide cold chain warehouse distribution network with "intracity + trunk line" features.

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.

INVESTMENT PORTFOLIO

The portfolio of listed equity investments of the Group as at 31 December 2020 and 31 December 2019 were as follows:

As at 31 December 2020

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost	Carrying amount as at 31 December 2020	Unrealised holding gain arising on revaluation for the year ended 31 December 2020	Realised holding loss arising on disposal for the year ended 31 December 2020	Dividend received for the year ended 31 December 2020
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
00607.HKEX	Fullshare Holdings Limited ("**Fullshare**")	590,962,500	3.00%	620,157	94,502	5,102	–	–

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	590,962,500	3.00%	620,157	95,287	812,810	61,705	–

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

As at 31 December 2020, the Group held approximately 590,962,500 (31 December 2019: 590,962,500) shares in Fullshare, representing approximately 3.0% of its entire issued share capital (31 December 2019: approximately 3.0%). Fullshare is listed on the main board of the Stock Exchange of Hong Kong Limited. 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 gain of approximately RMB5.1 million for the year ended 31 December 2020 (31 December 2019: unrealised holding loss of approximately RMB812.8 million). The carrying amount of investment in Fullshare accounts for approximately 0.15% of the Group's total assets as at 31 December 2020 (31 December 2019: approximately 0.15%). The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

Results of Operation

Revenue

For the year ended 31 December 2020, revenue of the Group was approximately RMB72,769.4 million (2019: approximately RMB72,898.8 million). The total revenue of the Group has remained stable, of which, the revenue from supply chain management and trading business has remained stable; the rental income from investment properties and revenue from financing income decreased; and sales of properties and related services increased.

Revenue from supply chain management and trading business

The Group's revenue from supply chain management and trading business has contributed approximately 98.2% of the Group's total revenue for the year ended 31 December 2020. For the year ended 31 December 2020, the Group's revenue from supply chain management and trading business was approximately RMB71,443.7 million (2019: approximately RMB71,748.5 million). Revenue from supply chain management and trading business has remained stable, of which, the revenue from Shenzhen Sinoagri and CIC increased while the revenue from HSH and Zall Steel decreased.

Rental income from investment properties

The Group's rental income from investment properties decreased by approximately 6.5% from approximately RMB769.1 million for the year ended 31 December 2019 to approximately RMB718.9 million for the year ended 31 December 2020. The decrease was primarily due to certain concessionary supports offered by the Group to the tenants in the North Hankou International Trade Centre, as a result of the outbreak of COVID-19 pandemic during the year.

Revenue from financing income

The Group's financing income decreased by approximately 37.4% from approximately RMB160.9 million for the year ended 31 December 2019 to approximately RMB100.6 million for the year ended 31 December 2020. 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.

Sales of properties and related services

Revenue from sales of properties and related services increased by approximately 217.7% from approximately RMB127.4 million for the year ended 31 December 2019 to approximately RMB404.7 million for the year ended 31 December 2020.

The Group's revenue from sales of properties was generated from the sales of auxiliary facilities units, office and retails units and residences. The increase in revenue from sales of properties was mainly attributed to the increase in the gross floor area delivered in 2020.

Cost of sales

For the year ended 31 December 2020, cost of sales of the Group was approximately RMB71,535.7 million (2019: approximately RMB71,673.8 million). The total cost of sales of the Group has remained stable.

Gross profit

Gross profit of the Group increased slightly by approximately 0.7% from approximately RMB1,224.9 million for the year ended 31 December 2019 to approximately RMB1,233.7 million for the year ended 31 December 2020. The Group's gross profit margin has remained stable as approximately 1.7% for the year ended 31 December 2020 (2019: approximately 1.7%).

Other net income/(loss)

For the year ended 31 December 2020, other net income was approximately RMB248.7 million (2019: other net loss of approximately RMB756.3 million). The increase of other net income was mainly due to the significant decrease in unrealised holding loss of listed equity securities compared to that for the prior year.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately 14.1% from approximately RMB197.0 million for the year ended 31 December 2019 to approximately RMB169.1 million for the year ended 31 December 2020. The decrease was primarily due to (i) the decrease in advertising and promotion expenses of approximately RMB16.5 million; (ii) the decrease in logistics and handling fees of approximately RMB7.6 million; and (iii) the decrease in office utilities and management fees of approximately RMB6.9 million.

Administrative and other expenses

Administrative and other expenses of the Group decreased by approximately 6.2% from approximately RMB662.1 million for the year ended 31 December 2019 to approximately RMB621.4 million for the year ended 31 December 2020. The decrease was primarily due to offsetting effect of (i) the decrease in share-based payment expenses of approximately RMB57.3 million and (ii) the increase in staff cost of approximately RMB19.4 million.

Impairment loss on trade and other receivables

Impairment loss on trade and other receivables of the Group increased by approximately 78.9% from approximately RMB246.2 million for the year ended 31 December 2019 to approximately RMB440.6 million for the year ended 31 December 2020. The increase was mainly due to the collection of rentals receivables was not as expected as a result of the outbreak of COVID-19 pandemic.

Impairment loss on intangible assets and goodwill

The Group recorded impairment loss on intangible assets and goodwill amounted to approximately RMB126.5 million and approximately RMB199.4 million respectively for the year ended 31 December 2020 (2019: approximately RMB20.3 million and approximately 258.3 million respectively). The impairment loss on intangible assets and goodwill was mainly due to the financial performance of Shenzhen Sinoagri and HSH of the Group in the financial year of 2020 being worse than the Group's expectation as affected by COVID-19 pandemic.

Net valuation (loss)/gain on investment properties

The Group recorded a net valuation loss on investment properties which is amounted to approximately RMB420.9 million (2019: net valuation gain on investment properties of approximately RMB2,533.1 million). The net valuation loss on investment properties was mainly due to (i) the net fair value loss recognised on revaluation of investment properties located at North Hankou International Trade Centre as a result of the outbreak of COVID-19 pandemic, and (ii) 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 monitor the performance of its investment and adjust investment plan when necessary.

Share of net profits of associates

Share of net profits of associates increased by approximately 266.2% from approximately RMB8.3 million for the year ended 31 December 2019 to approximately RMB30.4 million for the year ended 31 December 2020, which was 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 increased by approximately 41.4% from approximately RMB175.4 million for the year ended 31 December 2019 to approximately RMB248.0 million for the year ended 31 December 2020. The increase was mainly due to the increase of interest income from fixed deposits.

Finance costs of the Group increased by approximately 16.3% from approximately RMB1,112.5 million for the year ended 31 December 2019 to approximately RMB1,294.2 million for the year ended 31 December 2020. 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; and (iii) the increase of bill discounted expenses incurred by Shenzhen Sinoagri from adopting more bill settlements compared with last year.

Income tax credit/(expenses)

For the year ended 31 December 2020, income tax credit was approximately RMB149.5 million (2019: income tax expense of approximately RMB629.5 million). The income tax credit was mainly due to the deferred tax income incurred as a result of the net valuation loss on investment properties recognised in 2020.

(Loss)/profit for the year

For the year ended 31 December 2020, the Group recorded a net loss of approximately RMB1,349.2 million (2019: net profit of approximately RMB57.5 million). For the year ended 31 December 2020, loss attributable to equity shareholders of the Company was approximately RMB1,260.5 million (2019: profit attributable to equity shareholders of the Company of approximately RMB92.8 million).

Liquidity and capital resources

As at 31 December 2020, the Group had net current liabilities of approximately RMB3,668.3 million (31 December 2019: approximately RMB2,405.0 million) and net assets of approximately RMB18,334.5 million (31 December 2019: approximately RMB19,622.5 million). Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which includes (i) the Group has been working on generating 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; (ii) the Group has been actively and regularly reviewing its capital structure and will consider raising additional capital by issuing bonds or new shares, where appropriate; and (iii) the Group may dispose non-core business and assets to raise additional capital. As at 31 December 2020, the total equity attributable to equity shareholders of the Company amounted to approximately RMB17,870.1 million (31 December 2019: approximately RMB19,079.0 million), comprising issued capital of approximately RMB32.7 million (31 December 2019: approximately RMB32.7 million) and reserves of approximately RMB17,837.4 million (31 December 2019: approximately RMB19,046.3 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. As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB1,184.7 million (31 December 2019: approximately RMB1,243.9 million). The Group's cash and cash equivalents has remained 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 interest-bearing borrowings increased by approximately 11.8% from approximately RMB18,490.6 million as at 31 December 2019 to approximately RMB20,679.6 million as at 31 December 2020. 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 2020 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 65.7% as at 31 December 2019 to 71.8% as at 31 December 2020. The increase in net gearing ratio was mainly due to the increase of total interest-bearing borrowings as at 31 December 2020. 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 2020, 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 2020, the Group had pledged certain of its assets with a total book value of approximately RMB27,068.6 million (31 December 2019: approximately RMB28,386.6 million) and a total book value of approximately RMB7,502.6 million (31 December 2019: approximately RMB6,923.5 million) for the purpose of securing certain of the Group's interest-bearing borrowings and bills payables respectively.

Material acquisitions and disposals of subsidiaries

The Group did not have any material acquisitions and disposals of subsidiaries, associated companies and/or joint ventures for the year ended 31 December 2020.

Segment reporting

Details of the segment reporting of the Group for the year ended 31 December 2020 are set out in note 3(b) of the consolidated financial statements in this announcement.

Contingent liabilities

In accordance with the 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 2020, the guarantees in relation to mortgage facilities granted to purchasers of the Group's properties amounted to approximately RMB388.0 million (31 December 2019: approximately RMB514.7 million). In addition, the Group provided a financial guarantee to third parties of approximately RMB7.2 million as at 31 December 2020 (31 December 2019: approximately 30.0 million).

CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IFRS 16 issued by the IASB to these financial statements for the current accounting period of the Group. For details, please refer to note 2 to the consolidated financial statements of the Company in this announcement.

EVENTS AFTER THE REPORTING PERIOD

Up to the date of this announcement, the Company did not have any material events occurred after the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed a total of 2,027 full time employees (2019: 1,887). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2020, the employees benefit expenses were approximately RMB290.7 million (2019: approximately RMB302.5 million). The decrease was mainly due to the decrease in share-based payment expense for the year ended 31 December 2020. 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, 61,827,950 share options were outstanding as at 31 December 2020.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2020.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2020. 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 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2020, 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, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the 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 2020 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 2020 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 2020, 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 does not recommend the payment of a dividend for the year ended 31 December 2020 (2019: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 28 May 2021. 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 Monday, 24 May 2021 to Friday, 28 May 2021 (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 Friday, 21 May 2021.

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 2020 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 in due course.

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

Hong Kong, 31 March 2021

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