Zall Group Ltd.
卓爾集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Zall Group Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, together with the comparative amounts for the corresponding period in 2016.

FINANCIAL HIGHLIGHTS

	2017	2016
	RMB'000	*RMB'000*
Revenue	**22,249,176**	1,213,375
Gross profit	**1,012,255**	361,307
Gross profit margin	**4.5%**	29.8%
Profit for the year	**2,356,482**	2,056,571
Earnings per share – Basic (RMB cents)	**21.234**	19.068
– Diluted (RMB cents)	**21.229**	19.068
Total non-current assets	**23,939,482**	15,858,971
Total current assets	**23,404,146**	13,888,678
Total assets	**47,343,628**	29,747,649
Total non-current liabilities	**9,275,286**	9,377,568
Total current liabilities	**19,407,455**	8,230,849
Total liabilities	**28,682,741**	17,608,417
Net assets	**18,660,887**	12,139,232

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017
(Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Revenue	3(a)	**22,249,176**	1,213,375
Cost of sales		**(21,236,921)**	(852,068)
Gross profit		**1,012,255**	361,307
Other net (loss)/income	4	**(39,900)**	1,130,515
Selling and distribution expenses		**(196,368)**	(141,468)
Administrative and other expenses		**(513,010)**	(160,105)
Profit from operations before changes in fair value of investment properties		**262,977**	1,190,249
Net valuation gain on investment properties	8	**3,021,326**	1,275,697
Profit from operations		**3,284,303**	2,465,946
Finance income	5(a)	**89,001**	3,643
Finance costs	5(a)	**(534,360)**	(192,339)
Share of net losses of associates		**(36,050)**	(24,441)
Share of net profits/(losses) of joint ventures		**727**	(163)
Gain on disposal of subsidiaries		**–**	95,561
Profit before taxation	5	**2,803,621**	2,348,207
Income tax	6	**(447,139)**	(291,636)
Profit for the year		**2,356,482**	2,056,571
Attributable to:			
Equity shareholders of the Company		**2,379,077**	2,048,951
Non-controlling interests		**(22,595)**	7,620
Profit for the year		**2,356,482**	2,056,571
Earnings per share (RMB cents)			
Basic	7	**21.234**	19.068
Diluted	7	**21.229**	19.068

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

(Expressed in Renminbi)

	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**2,356,482**	2,056,571
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
− financial statements of operations outside Mainland China	**(20,042)**	(43,116)
Other comprehensive income for the year	**(20,042)**	(43,116)
Total comprehensive income for the year	**2,336,440**	2,013,455
Attributable to:		
Equity shareholders of the Company	**2,359,035**	2,005,835
Non-controlling interests	**(22,595)**	7,620
Total comprehensive income for the year	**2,336,440**	2,013,455

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2017
(Expressed in Renminbi)

	Note	**2017**	2016
		RMB'000	*RMB'000*
Non-current assets			
Investment properties	*8*	**20,206,738**	14,624,055
Property, plant and equipment		**216,981**	113,815
Intangible assets		**899,151**	8,691
Goodwill		**1,606,280**	15,783
Interests in associates		**490,586**	529,657
Interests in joint ventures		**114,387**	104,163
Long-term receivables	*12*	**324,862**	293,970
Available-for-sale financial assets		**12,500**	–
Deferred tax assets		**67,997**	168,837
		23,939,482	15,858,971
Current assets			
Financial assets at fair value through profit or loss	*9*	**5,074,617**	2,208,721
Inventories	*10*	**7,162,524**	7,837,928
Prepaid taxes		**16,025**	35,213
Trade and other receivables	*11*	**4,756,008**	2,829,146
Loans receivables	*13*	**2,342,062**	–
Amounts due from related parties	*14*	**82,760**	1,250
Fixed deposits with banks with original maturity over three months		**132,602**	–
Pledged bank deposits		**2,553,901**	550,453
Cash and cash equivalents		**1,283,647**	273,262
		23,404,146	13,735,973
Non-current assets classified as held for sales		**–**	152,705
		23,404,146	13,888,678

	Note	2017 RMB'000	2016 RMB'000
Current liabilities			
Financial liabilities at fair value through profit or loss	*9*	**450,140**	–
Trade and other payables	*15*	**12,511,792**	4,966,336
Amounts due to related parties	*14*	**583,409**	631,881
Bank loans and loans from other financial institutions	*16*	**5,572,061**	2,332,654
Current taxation		**284,652**	246,472
Deferred income		**5,401**	15,468
Liabilities directly associated with non-current assets classified as held for sale		**–**	38,038
		19,407,455	8,230,849
Net current assets		**3,996,691**	5,657,829
Total assets less current liabilities		**27,936,173**	21,516,800
Non-current liabilities			
Bank loans and loans from other financial institutions	*16*	**5,422,356**	6,061,268
Deferred income		**7,183**	4,101
Deferred tax liabilities		**3,845,747**	3,312,199
		9,275,286	9,377,568
NET ASSETS		**18,660,887**	12,139,232
CAPITAL AND RESERVES			
Share capital	*17*	**32,292**	29,727
Reserves		**17,748,918**	12,074,820
Total equity attributable to equity shareholders of the Company		**17,781,210**	12,104,547
Non-controlling interests		**879,677**	34,685
TOTAL EQUITY		**18,660,887**	12,139,232

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 2017 comprise Zall 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:

– Available-for-sale financial assets and financial assets at fair value through profit or loss;

– investment properties;

– derivative financial instruments, and

– Contingent consideration recognised in a business combination.

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.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. However, additional disclosure is required to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

The amount of each significant category of revenue is as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue from property development and related services:		
Sales of properties	**675,541**	727,077
Rental income	**486,293**	182,144
Revenue from construction contracts	**30,896**	85,310
Others	**83,999**	27,820
Revenue from E-commerce and financial services business	**198,978**	21,803
Revenue from supply chain management and trading business	**20,730,189**	166,767
Others	**43,280**	2,454
	22,249,176	1,213,375

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 2017 (2016: one).

	2017	2016
	RMB'000	*RMB'000*
Customer A	**–**	188,600

Further details regarding the Group's principal activities are disclosed below:

(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: this segment operates trading of agricultural products and non-ferrous metals.

(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, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and bills payable 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.

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 2017 and 2016 is set out below.

	Property development and related services		E-commerce and financial services		Supply chain management and trading		Total	
	2017	2016	**2017**	2016	**2017**	2016	2017	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**1,276,729**	1,022,351	**198,978**	21,803	**20,730,189**	166,767	**22,205,896**	1,210,921
Inter-segment revenue	**–**	5,660	**–**	–	**–**	–	**–**	5,660
Reportable segment revenue	**1,276,729**	1,028,011	**198,978**	21,803	**20,730,189**	166,767	**22,205,896**	1,216,581
Reportable segment profit/(loss)	**458,218**	156,700	**(2,370)**	(75,069)	**(47,299)**	965	**408,549**	82,596
Finance income	**38,502**	3,042	**154**	586	**49,922**	5	**88,578**	3,633
Finance costs	**(329,479)**	(149,548)	**(17,676)**	(24,590)	**(153,350)**	(30)	**(500,505)**	(174,168)
Depreciation and amortisation	**(10,912)**	(11,828)	**(1,205)**	(589)	**(18,925)**	–	**(31,042)**	(12,417)
Net increase in fair value of investment properties	**3,021,326**	1,275,697	**–**	–	**–**	–	**3,021,326**	1,275,697
Share of net losses of associates	**(2,367)**	(4,165)	**(29,818)**	(20,276)	**(3,865)**	–	**(36,050)**	(24,441)
Share of net profits/(losses) of joint ventures	**(64)**	(43)	**–**	–	**791**	(120)	**727**	(163)
Reportable segment assets	**29,919,335**	27,461,674	**1,504,126**	1,020,848	**10,126,116**	53,627	**41,549,577**	28,536,149
Additions to non-current segment assets during the year	**19,224**	10,338	**20,032**	520,573	**2,655,475**	15,000	**2,694,731**	545,911
Reportable segment liabilities	**13,365,516**	14,019,953	**2,903,038**	2,490,295	**10,094,269**	67,554	**26,362,823**	16,577,802

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

Revenue

	2017	2016
	RMB'000	*RMB'000*
Reportable segment revenue	**22,205,896**	1,216,581
Other revenue	**43,280**	2,454
Elimination of inter-segment revenue	**–**	(5,660)
Consolidated revenue (note 3(a))	**22,249,176**	1,213,375

Profit

	2017	2016
	RMB'000	*RMB'000*
Reportable segment profit	**408,549**	82,596
Elimination of inter-segment profit	**–**	(5,660)
Reportable segment profit derived from the Group's external customers	**408,549**	76,936
Other net (loss)/income	**(39,900)**	1,130,515
Gain on disposal of subsidiaries	**–**	95,561
Finance income	**89,001**	3,643
Finance costs	**(534,360)**	(192,339)
Net increase in fair value of investment properties	**3,021,326**	1,275,697
Share of net losses of associates	**(36,050)**	(24,441)
Share of net profits/(losses) of joint ventures	**727**	(163)
Unallocated head office and corporate expenses	**(105,672)**	(17,202)
Consolidated profit before taxation	**2,803,621**	2,348,207

	2017	2016
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**41,549,577**	28,536,149
Elimination of inter-segment receivables	**(5,012,798)**	(5,330,647)
	36,536,779	23,205,502
Interests in joint ventures	**114,387**	104,163
Interests in associates	**490,586**	529,657
Financial assets at fair value through profit or loss	**5,074,617**	2,208,721
Deferred tax assets	**67,997**	168,837
Prepaid taxes	**16,025**	35,213
Unallocated head office and corporate assets	**5,043,237**	3,495,556
Consolidated total assets	**47,343,628**	29,747,649
Liabilities		
Reportable segment liabilities	**26,362,823**	16,577,802
Elimination of inter-segment payables	**(4,981,505)**	(5,311,829)
	21,381,318	11,265,973
Current taxation	**284,652**	246,472
Deferred tax liabilities	**3,845,747**	3,312,199
Unallocated head office and corporate assets	**3,171,024**	2,783,773
Consolidated total liabilities	**28,682,741**	17,608,417

4 OTHER NET (LOSS)/INCOME

	2017	2016
	RMB'000	*RMB'000*
Net fair value change on financial instruments at fair value through profit or loss		
– listed equity securities	**(135,533)**	1,120,304
– wealth management products and trust products	**90,289**	–
– derivative financial instrument	**(5,078)**	(2,287)
– contingent consideration	**(13,977)**	–
Government subsidies	**8,006**	32
Gain on bargain purchase of subsidiaries	**–**	4,660
Dividends received from financial assets at fair value through profit or loss	**10,207**	6,805
Loss on disposal of investment properties	**–**	(13,094)
Others	**6,186**	14,095
	(39,900)	1,130,515

5 PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	2017	2016
	RMB'000	*RMB'000*
Finance income		
Interest income	**(89,001)**	(3,643)
Finance costs		
Interest on bank loans and loans from other financial institutions	**704,326**	532,102
Other borrowing costs	**88,872**	72,522
Less: amounts capitalised into properties under development and investment properties under development *(Note)*	**(363,805)**	(432,282)
	429,393	172,342
Bank charges and others	**107,043**	18,989
Net foreign exchange (gain)/loss	**(2,076)**	1,008
	534,360	192,339

Note: The borrowing costs have been capitalised at rates ranging from 2.50%-13.00% per annum for the year ended 31 December 2017 (2016: 4.35%-13.00%).

(b) Staff costs

	2017	2016
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**163,370**	78,265
Contributions to defined contribution retirement plan	**15,600**	7,879
Equity settled share-based payment expenses	**65,259**	–
	244,229	86,144

(c) Other items

	2017	2016
	RMB'000	*RMB'000*
Amortisation – intangible assets	**28,437**	7,035
Depreciation	**22,873**	21,588
Auditors' remuneration		
– audit services	**3,400**	3,080
– other services	**4,020**	2,600
Operating lease charges	**40,341**	40,144
Cost of construction contracts	**30,896**	85,311
Cost of commodities sold (note 10(c))	**20,467,478**	165,200
Cost of properties sold (note 10(b))	**465,418**	525,874

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("PRC CIT")	**50,570**	57,959
PRC Land appreciate Tax ("PRC LAT")	**41,417**	64,971
	91,987	122,930
Deferred tax		
Origination and reversal of temporary differences	**355,152**	168,706
	447,139	291,636

(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 as the Group did not earn any assessable income subject to Hong Kong Profits Tax during the years ended 31 December 2017 and 2016.

(iii) Pursuant to the rules and regulations applicable to encouraged industries in the PRC western development strategy, two subsidiaries of the Group, GSMN Logistics Co., Ltd. and Guangxi Kangchen Shitang Trading Co., Ltd., are subject to PRC CIT at a preferential tax rate of 15% for the year ended 31 December 2017, 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 2017. 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 years ended 31 December 2017 and 2016 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.

Deferred tax liabilities are provided for 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.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2017	2016
	RMB'000	*RMB'000*
Profit before taxation	**2,803,621**	2,348,207
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned	**779,668**	323,301
Tax effect of non-deductible expenses	**18,462**	4,600
Tax effect of non-taxable share of net losses of joint ventures and associates	**1,700**	1,081
Tax effect of non-taxable net income	**(368)**	(6,467)
Tax effect of unused tax losses not recognised	**35,535**	50,866
Utilisation of previously unrecognised tax losses	**(23,781)**	(6,244)
PRC LAT in relation to properties sold	**41,417**	64,971
PRC LAT in relation to investment properties	**(526,853)**	(165,639)
Tax effect on PRC LAT	**121,359**	25,167
Actual tax expense	**447,139**	291,636

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 RMB2,379,035,000 (2016: RMB2,048,951,000) and the weighted average of 11,204,144,000 ordinary shares (2016: 10,745,578,000) in issued during the year, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (basic)

	2017	2016
	'000	*'000*
Profit attributable to ordinary equity shareholders of the Company	**2,379,077**	2,048,951
Less: profit attributable to issued ordinary shares for management share award scheme	**(42)**	–
Profit attributable to ordinary equity shareholders of the Company (basic)	**2,379,035**	2,048,951

(ii) Weighted average number of ordinary shares (basic)

	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**10,745,578**	10,745,578
Effect of placing of new shares	**194,269**	–
Effect of issuance of new shares as consideration of acquisition of subsidiaries	**264,297**	–
Weighted average number of ordinary shares at 31 December	**11,204,144**	10,745,578

(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 RMB2,379,035,000 (2016: RMB2,048,951,000) and the weighted average of 11,206,627,000 ordinary shares (2016: 10,745,578,000) in issued during the year, calculated as follows:

(i) Weighted average number of ordinary shares (diluted)

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**11,204,144**	10,745,578
Effect of deemed issue of incentive shares	**2,483**	–
Weighted average number of ordinary shares (diluted) at 31 December	**11,206,627**	10,745,578

8 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Completed investment properties *RMB'000*	Investment properties under development *RMB'000*	Total *RMB'000*
At 1 January 2016	9,244,006	3,275,194	12,519,200
Additions	27,003	68,610	95,613
Transfer from completed properties held for sale *(Note)*	692,665	–	692,665
Transfer from property, plant and equipment	–	86,505	86,505
Transfer between investment properties under development and investment properties	268,700	(268,700)	–
Disposals	(44,500)	–	(44,500)
Fair value adjustments	1,194,436	80,136	1,274,572
At 31 December 2016	11,382,310	3,241,745	14,624,055
Representing:			
Cost	4,481,615	1,344,435	5,826,050
Fair value adjustments	6,900,695	1,897,310	8,798,005
	11,382,310	3,241,745	14,624,055
At 1 January 2017	11,382,310	3,241,745	14,624,055
Additions	28,856	213,195	242,051
Transfer from completed properties held for sale *(Note)*	2,158,262	–	2,158,262
Transfer from non-current assets classified as held for sale	152,705	–	152,705
Transfer from property, plant and equipment	5,505	2,834	8,339
Fair value adjustments	3,009,659	11,667	3,021,326
At 31 December 2017	16,737,297	3,469,441	20,206,738
Representing:			
Cost	6,826,943	1,560,464	8,387,407
Fair value adjustments	9,910,354	1,908,977	11,819,331
	16,737,297	3,469,441	20,206,738
Book value:			
At 31 December 2017	16,737,297	3,469,441	20,206,738
At 31 December 2016	11,382,310	3,241,745	14,624,055

Note: During the year ended 31 December 2017, the Group transferred certain completed properties held for sale to investment properties when there was an actual change in use from sale to earning rental income purpose, which were evidenced by commencement of operating lease as stipulated in the lease agreements entered into by the Group. Correspondingly, a fair value gain in profit or loss of RMB3,020,140,000 (2016: RMB1,164,399,000) upon transfer was recognised.

As at 31 December 2017, the Group's investment properties and investment properties under development with an aggregated carrying value of RMB13,887,495,000 (2016: RMB9,341,927,000) were pledged as collateral for the Group's bank loans (note 16).

The Group's investment properties are held under medium-term lease (38 to 46 years) in the PRC.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2017	**Fair value measurements as at 31 December 2017 categorised into level 3**
	RMB'000	***RMB'000***
Recurring fair value measurement		
– investment properties	**20,206,738**	**20,206,738**

	Fair value as at 31 December 2016 *RMB'000*	Fair value measurements as at 31 December 2016 categorised into level 3 *RMB'000*
Recurring fair value measurement		
– investment properties	14,624,055	14,624,055

During the year ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2017. The valuations were carried out by an independent firm of surveyors, Jones Lang Lasalle ("JLL"), who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	**Unobservable input**	**Range**
Completed investment properties	Income capitalisation method	Yield	4%-5.5% (2016: 3.0%-6.0%)
		Market monthly rental rate (RMB/sqm.)	10-300 (2016: 42-236)
		Occupancy rate	30%-98% (2016: 35%-98%)
Investment properties under development	Residual approach	Yield	4.5%-5.5% (2016: 5.0%-5.5%)
		Reversion yield	5.5%-6% (2016: 5.5%-6%)
		Market monthly rental rate (RMB/sqm.)	15-75.6 (2016: 26-236)
		Occupancy rate	0%-98% (2016: 95%-100%)

The fair value of completed investment properties is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties.

The fair value of investment properties under development is generally derived using the residual method assuming that it is newly completed in accordance with the development proposal in term of property use, respective saleable areas and construction schedule to establish the gross development value of the property. The total unexpended costs of the development including construction costs, professional fees and other associated expenditure, together with an allowance for interest expenses, and developer's profits are estimated and deducted. The resultant residual figures are then adjusted back to the valuation date to arrive at the fair value of the property concerned in its existing state.

Fair value adjustment of investment properties is recognised in the line of item "net valuation gain on investment properties" on the face of the consolidated statement of profit or loss.

(c) Investment properties leased out under operating leases

The Group leases out its investment properties under operating leases. The leases for most of the properties typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum rental receivables under non-cancellable operating leases are as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**994,404**	162,369
After 1 year but within 5 years	**2,676,866**	168,428
After 5 years	**2,241,031**	3,089
	5,912,301	333,886

9 FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
Listed equity securities in Hong Kong		
– Fullshare Holdings Limited	**2,092,944**	2,203,480
– China High Speed Transmission Equipment Group Co., Ltd	**30,807**	–
Derivative financial instrument		
– Warrant	**3**	5,241
– Wealth management products and trust products *(i)*	**2,761,540**	–
Forward contracts	**182,408**	–
Contingent consideration	**6,915**	–
	5,074,617	2,208,721
Financial liabilities at fair value through profit or loss		
Forward contracts *(ii)*	**450,140**	–

(i) The amount represents investments in wealth management products and trust products issued by reputable financial institutions in the PRC. There are no fixed or determinable returns of these wealth management products and trust products, and the returns of the principals are not guaranteed. Certain wealth management products and trust products with an aggregate carrying amount of RMB2,761,540,000 (2016: nil) were pledged for bills payable of the Group (note 15).

(ii) As at 31 December 2017, certain forward contracts of the Group with carrying value of RMB267,732,000 was pledged by bills receivables (Note 11).

10 INVENTORIES

(a) Properties under development

(i) Properties under development in the consolidated statement of financial position comprise:

	2017	2016
	RMB'000	*RMB'000*
Expected to be recovered within one year		
Properties under development for sale	**926,821**	805,733
Expected to be recovered after more than one year		
Properties held for future development for sale	**3,363,149**	1,543,342
Properties under development for sale	**615,416**	1,194,952
	3,978,565	2,738,294
	4,905,386	3,544,027

As at 31 December 2017, certain properties under development with an aggregate carrying value of RMB1,704,082,000 (2016: RMB1,256,818,000) was pledged as collateral for the Group's bank loans (note 16).

(ii) The analysis of carrying value of leasehold land included in properties under development is as follows:

	2017	2016
	RMB'000	*RMB'000*
In the PRC		
– long leases (over 50 years)	**28,258**	34,327
– medium-term leases (40-50 years)	**1,226,257**	1,254,182
	1,254,515	1,288,509

(b) Completed properties held for sale

	2017	2016
	RMB'000	*RMB'000*
Completed properties held for sale in the PRC	**1,968,727**	4,258,591

The analysis of carrying value of leasehold land included in completed properties held for sale is as follows:

	2017	2016
	RMB'000	*RMB'000*
In the PRC		
– long leases (over 50 years)	**5,374**	5,422
– medium-term leases (40-50 years)	**267,293**	255,717
	272,667	261,139

Carrying amount of completed properties held for sale recognised as an expenses and included in profit on loss for the year ended 31 December 2017 is RMB465,418,000 (2016:RMB525,874,000).

As at 31 December 2017, completed properties held for sale with an aggregate carrying value of RMB1,517,956,000 (2016: RMB3,187,227,000) was pledged as collateral for the Group's bank loans (note 16).

(c) Commodities

(i) Commodities in the consolidated statement of financial position comprise:

	2017	2016
	RMB'000	RMB'000
Supply chain management and trading business		
– Sugar	**282,920**	–
– Others	**5,491**	35,310
	288,411	35,310

(ii) The analysis of the amount of commodities recognised as an expenses and included in profit or loss is as follows:

	2017	2016
	RMB'000	*RMB'000*
Carrying amount of commodities sold	**20,467,478**	165,200

11 TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade and bill receivables	**2,158,316**	323,411
Factoring receivables	**743,900**	639,896
Less: Allowance for doubtful debts *(note 11(b))*	**(16,307)**	–
	2,885,909	963,307
Advances to suppliers	**573,000**	382,000
Other receivables, deposits and prepayments	**1,297,099**	1,483,839
	4,756,008	2,829,146

Trade and other receivables of the Group included deposits of RMB97,000,000 (2016: nil) 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 2017, certain bills receivables with carrying value of RMB10,000,000, RMB280,000,000 and RMB100,000,000 were pledged as collateral for the Group's bank loans (note 16), financial liabilities at fair value through profit or loss (note 9) and bills payables (note 15) respectively.

(a) Ageing analysis

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**1,220,619**	357,788
3 to 12 months	**1,324,717**	541,074
Over 12 months	**340,573**	64,445
	2,885,909	963,307

Customers are normally granted credit terms of 30 to 360 days, depending on the credit worthiness of individual customers.

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2017	2016
	RMB'000	*RMB'000*
As at 1 January	**–**	–
Addition through acquisition of subsidiaries	**11,446**	–
Impairment loss recognised	**4,861**	–
As at 31 December	**16,307**	–

As at 31 December 2017, the Group's trade receivables of RMB58,516,000 (2016: nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts of RMB11,244,000 (2016: nil) was recognised.

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**2,477,064**	898,862
Less than 1 year past due	**198,003**	40,210
Over 1 year past due	**126,541**	24,235
Total	**2,801,608**	963,307

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12 CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2017, is RMB324,862,000 (2016: RMB293,970,000) for the Group, which is expected to be recovered more than one year and recorded as "long-term receivables" in the consolidated statement of financial position.

13 LOANS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Guaranteed loans receivables	**167,585**	–
Secured loans receivables *(Note)*	**2,227,045**	–
Less: Allowance for doubtful debts	**(52,568)**	–
	2,342,062	–

Note: Secured loans receivable represent secured loans advanced to third-party borrowers secured by the borrowers' inventories, properties or unlisted shares.

(a) Ageing analysis

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**1,824,155**	–
3 to 12 months	**352,239**	–
Over 12 months	**165,668**	–
	2,342,062	–

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

(b) Impairment of loans receivables

Impairment losses in respect of loans receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loans receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2017	2016
	RMB'000	*RMB'000*
As at 1 January	**–**	–
Addition through acquisition of subsidiaries	**37,412**	–
Impairment loss recognised	**15,156**	–
As at 31 December	**52,568**	–

As at 31 December 2017, the Group's loans receivables of RMB73,588,000 (2016: nil) were individually determined to be impaired. The individually impaired receivables related to borrowers that were in financial difficulties and the management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts of RMB35,704,000 (2016: nil) was recognised.

(c) Loans receivables that are not impaired

The ageing analysis of loans receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**2,041,030**	–

Loans receivables that were neither past due nor impaired related to a wide range of borrowers for whom there was no recent history of default.

Loans receivables that were past due but not impaired related to a number of independent borrowers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14 AMOUNTS DUE FROM/TO RELATED PARTIES

	2017	2016
	RMB'000	*RMB'000*
Amounts due from related parties		
Amounts due from associates	**30,855**	–
Amounts due from joint ventures	**10,874**	–
Amounts due from non-controlling shareholders of subsidiaries	**34,360**	–
Amounts due from entities controlled by ultimate controlling party	**2,427**	1,250
Amounts due from entities controlled by non-controlling interests of subsidiaries	**4,244**	–
	82,760	1,250

	2017	2016
	RMB'000	*RMB'000*
Amounts due to related parties		
Amounts due to the ultimate controlling party	**3,900**	3,900
Amounts due to a key management personnel	**10,000**	10,000
Amounts due to a joint venture	**146,870**	148,400
Amounts due to non-controlling shareholders of subsidiaries	**308,279**	–
Amounts due to entities controlled by ultimate controlling party	**160**	69
Amounts due to entities controlled by non-controlling interests of subsidiaries	**114,200**	–
Amounts due to the immediate parent	**–**	469,512
	583,409	631,881

The amounts due from/to related parties are unsecured, interest free and repayable on demand.

15 TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade and bills payables (i)	**7,638,996**	1,244,982
Receipts in advance (ii)	**1,257,188**	1,099,228
Other payables and accruals	**3,021,541**	2,251,787
Other borrowings (iii)	**594,067**	370,339
	12,511,792	4,966,336

All the trade and other payables are expected to be settled within one year or repayable on demand.

On 27 June 2017, the Group, the ultimate controlling party and the immediate parent company of the Company entered into an agreement with two non-controlling shareholders of Shenzhen Sinoagri E-commerce Co., Ltd. ("Shenzhen Sinoagri") in relation to a proposed acquisition of approximately 8.36% of the equity interest of Shenzhen Sinoagri at a cash consideration of RMB307,000,000. The completion of the acquisition would be done before 31 March 2018 and could be extended to a date mutually agreed by the parties. The ultimate controlling party and the immediate parent company of the Company provide guarantee to the two non-controlling shareholders for the completion of the acquisition and would vote in favor for the acquisition in the shareholder's meeting. The acquisition was approved in the shareholder's meeting on 18 January 2018.

At 31 December 2017, a cash deposit of RMB30,000,000 was paid by the Group to the two non-controlling shareholders of Shenzhen Sinoagri and recorded in "amounts due from related parties" in note 14. The obligation to the payment of consideration was recognised at a liability measured at amortised cost and was charged to other reserve in the consolidated statement of changes in equity.

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**3,015,551**	529,741
Over 3 months but within 12 months	**4,626,891**	345,100
Over 12 months	**590,621**	740,480
	8,233,063	1,615,321

(ii) Receipts in advance primarily consisted of deposits and down payments from customers for purchases of the Group's properties. Such proceeds were recorded as current liabilities before the associated sales were recognised. Sale of properties is subsequently recognised to the profit or loss.

(iii) Other borrowings mainly represented amounts generated from peer-to-peer lending business. The interest rate of the other borrowings are ranging from 7.4%-12% (2016: 7.4%-12%).

(iv) Bills payable were secured by assets of the Group as set out below:

	2017	2016
	RMB'000	*RMB'000*
Pledged bank deposits	**2,187,042**	–
Financial assets at fair value through profit or loss	**2,761,540**	–
Bills receivable	**100,000**	–
	5,048,582	–

16 BANK LOANS AND LOANS FROM OTHER FINANCIAL INSTITUTIONS

At 31 December 2017, the bank loans and loans from other financial institutions were repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within one year or on demand	**5,572,061**	2,332,654
After 1 year but within 2 years	**2,437,184**	2,911,698
After 2 year but within 5 years	**2,540,598**	2,308,936
After 5 years	**444,574**	840,634
	5,422,356	6,061,268
	10,994,417	8,393,922

As at 31 December 2017, the bank loans and loans from other financial institutions were secured as follows:

	2017	2016
	RMB'000	RMB'000
Secured	**10,634,426**	8,000,338
Unsecured	**359,991**	393,584
	10,994,417	8,393,922

(a) Assets of the Group pledged to secure the bank loans and loans from other financial institutions comprise:

	2017	2016
	RMB'000	*RMB'000*
Pledged bank deposits	**254,650**	263,600
Bill receivables *(note 11)*	**10,000**	–
Investment properties *(note 8)*	**11,643,869**	7,784,804
Investment properties under development *(note 8)*	**2,243,626**	1,557,123
Properties under development *(note 10(a))*	**1,704,082**	1,256,818
Completed properties held for sale *(note 10(b))*	**1,517,956**	3,187,227
Property, plant and equipment	**15,960**	–
Financial assets at fair value through profit or loss	**–**	2,203,480
	17,390,143	16,253,052

(b) Bank loans and loans from other financial institutions bear interest ranging from 2.50% to 13.00% per annum for the year ended 31 December 2017 (2016: 4.35% to 13.00% per annum).

(c) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratio; (2) restriction of profit distribution by certain of its subsidiaries; (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold; or (4) restriction of providing financial guarantees. These requirements are commonly found in lending arrangements with banks and financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders.

At 31 December 2017, bank loans of the Group of RMB2,767,372,000 (2016: RMB2,612,535,000) were not in compliance with the imposed covenants. The Group has obtained notices from the corresponding banks, which confirmed that the respective subsidiaries of the Group would not be regarded as having breached the covenants and the banks would not demand early repayment from the respective subsidiaries of the Group.

(d) As at 31 December 2017, secured bank loans of the Group of RMB160,000,000 (2016: RMB180,000,000) was guaranteed by Zall Holdings Limited ("Zall Holdings"), a company owned by the ultimate controlling party of the Company.

17 CAPITAL AND DIVIDENDS

(a) Share capital

		2017		2016	
	Note	**Number of shares**	**Amount**	Number of shares	Amount
		('000)	***HKD'000***	*('000)*	*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		**10,745,578**	**35,818**	10,745,578	35,818
Placing of new shares	*(i)*	**357,141**	**1,190**	–	–
Issuance of new shares as consideration of acquisition of subsidiaries	*(ii)*	**517,227**	**1,724**	–	–
Issuance of management shares	*(iii)*	**8,059**	**27**	–	–
At 31 December		**11,628,005**	**38,759**	10,745,578	35,818

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 16 June 2017, 357,141,000 ordinary shares have been allotted and issued by the Company at a price of HKD4.2 per share. Proceeds of RMB1,038,000 (equal to HKD1,190,000) representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB1,305,453,000, were credited to the share premium account of the Company.

(ii) On 28 June 2017, 517,227,000 ordinary shares were issued and allotted to acquire Shenzhen Sinoagri as set out in Note 18. The fair value of the consideration for the acquisition of RMB2,220,148,000 (equal to HKD2,544,757,000) was measured by using the number of ordinary shares issued and the listed share price of HKD4.92 per share on that date.

The amounts of the consideration of RMB1,504,000 (equal to HKD1,724,000) 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 after offsetting share issuance costs of RMB2,218,644,000, were credited to the share premium account of the Company.

(iii) On 22 December 2017, 8,059,000 ordinary shares were issued for the management share award scheme. The fair value of the shares issued was RMB59,175,000, of which RMB23,000 (equal to HKD27,000) was credited to share capital and the excess of the fair value over the nominal value of the total number of ordinary shares issued of RMB59,152,000 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

No dividend was declared during the year of 2017 and 2016.

The final dividend of HK2.58 cents per share for year ended 31 December 2017 (2016:nil), amounting to HKD300,000,000 (equivalente to RMB250,773,000) has been proposed by the Board of the Company and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The amount of final dividend proposed, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statement, has not been recognised as a liability in the consolidated financial statement.

(ii) No final dividend in respect of the previous financial year was approved and paid during the year of 2017 and 2016.

18 ACQUISITION OF SUBSIDIARIES

Acquisition of interest in Shenzhen Sinoagri

On 28 October 2016, Zall Development (BVI) Holding Company Limited ("Zall Development (BVI)"), a wholly-owned subsidiary of the Company entered into an acquisition agreement, pursuant to which Zall Development (BVI) conditionally agreed to purchase 60.49% equity interest of the Shenzhen Sinoagri (the "Acquisition") at the consideration up to HKD2.591 billion, which will be satisfied by way of allotment and issue of the consideration shares. The Acquisition was approved by the shareholders of the Company on 9 March 2017. The transaction is required to be completed in two tranches. On 28 June 2017, the first tranche of the Acquisition was completed and, 517,227,000 consideration shares were allotted and issued in exchange for about 50.6% equity interest of Shenzhen Sinoagri. As a result, Shenzhen Sinoagri became a non-wholly owned subsidiary of the Group. In the second tranche, up to 101,094,000 consideration shares will be allotted and issued to exchange up to 9.89% equity interest of Shenzhen Sinoagri.

The Group's business combination activity regarding Shenzhen Sinoagri involve post-acquisition performance-based contingent considerations. IFRS3 (Revised) "Business Combinations" requires the recognition of the fair value of those contingent considerations as of their respective dates of business combination as part of the consideration transferred in exchange for the acquired subsidiaries/businesses. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired subsidiaries/businesses and significant judgment on time value of money. Contingent considerations shall be re-measured at their fair value resulting from events or factors which emerge after the date of business combination, with any resulting gain or loss recognised in the consolidated income statement in accordance with IFRS3 (Revised).

Shenzhen Sinoagri's principal activities include B2B E-commerce for the trading of agricultural products, services including supply chain management and supply chain finance in the PRC.

From the post acquisition date to 31 December 2017, Shenzhen Sinoagri recognized revenue of RMB17,165,471,000 and gain of RMB24,315,000, with considering the amortisation of intangible assets and equity settled share-based payment of RMB12,347,000 and RMB52,312,000 arise from the Acquisition, the loss contributed to the Group's result amount to RMB40,344,000. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been RMB37,678,539,000, and consolidated profit for the year would have been RMB2,463,435,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

Acquisition of Shenzhen Sinoagri

	Pre-acquisition carrying amount *RMB'000*	**Fair value adjustment** *RMB'000*	**Recognised value on acquisition** *RMB'000*
Property, plant and equipment	87,966	–	87,966
Interest in associates	1,547	(468)	1,079
Interest in a joint venture	24,233	–	24,233
Intangible assets	316,752	590,200	906,952
Deferred tax assets	32,002	–	32,002
Goodwill	87,330	–	87,330
Financial assets at fair value through profit or loss	2,776,900	–	2,776,900
Inventories	1,534,735	–	1,534,735
Trade and other receivables	779,308	–	779,308
Loans receivable	2,749,186	–	2,749,186
Amounts due from related parties	6,215	–	6,215
Fixed deposits with banks with original maturity over three months	10,000	–	10,000
Restricted cash	2,230,389	–	2,230,389
Cash and cash equivalents	1,236,374	–	1,236,374
Current tax assets	558	–	558
Financial liabilities at fair value through profit or loss	(62,096)	–	(62,096)
Trade and other payables	(8,933,040)	–	(8,933,040)
Bank loans	(1,588,500)	–	(1,588,500)
Amounts due to related parties	(44,198)	–	(44,198)
Current tax liabilities	(10,043)	–	(10,043)
Deferred tax liabilities	(125,668)	(147,433)	(273,101)
Deferred income	(11,427)	–	(11,427)
Total identifiable net assets acquired	1,098,523	442,299	1,540,822
Less: The proportion of the original minority shareholders			(165,139)
			1,375,683
Non-controlling interests (49.4%)			679,587
Proportion of ownership (50.6%)			696,096
Consideration, satisfied by			
– Equity instruments (517,227,000 ordinary shares) (i)			2,220,148
– Contingent consideration			(20,892)
Total fair value of the consideration			2,199,256
Goodwill arising on acquisition			1,503,160

(i) The fair value of the ordinary shares issued was based on the listed share price of the Company at 28 June 2017 of HKD4.92 per share. Goodwill is mainly attributable to the skills and technical talent of Shenzhen Sinoagri's work force and the synergies expected to be achieved from integrating Shenzhen Sinoagri into the Group's existing supply chain management and trading business. None of the goodwill recognised is expected to be deductible for tax purposes. Non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

(ii) The valuation techniques used for measuring the fair value of material asset acquired and contingent consideration were as follows:

Assets Acquired	**Valuation Approach and Methodology**
Intangible assets-customer relationship	Estimated using excess earning approach, under which associated contributory assets returns are deduced from projected income stream to measure cash flow attributable to subject assets, and discounted projected excess earning by risk-adjusted discount rate.
Intangible assets-trademarks	Estimated using relief from royalty approach, under which projected royalty income is estimated based on comparable royalty rates, and discounted projected after-tax royalty income by risk-adjusted discount rate.
Intangible assets-favorable contracts	Estimated with-and-without approach, under which cash flow attributable to incremental cost saving associated with subject asset is estimated, and the projected cash flows are discounted by risk-adjusted discount rate.
Contingent consideration	The fair value of contingent consideration is determined using probabilistic method based on different scenarios of financial forecasts of Shenzhen Sinoagri and respective occurrence probability.

Acquisition of Zall Heng Supply Chain Management (Wuhan) Co., Ltd. ("Wuhan Zall Heng"), previously known as a joint venture of the Group

In May 2017, Zall Development Wuhan Co., Ltd. ("Zall Wuhan") entered into an acquisition agreement with an individual and revised certain contractual terms of the relevant joint venture arrangement, pursuant to which Zall Wuhan agreed to acquire another 5% equity interests in Wuhan Zall Heng at a consideration of RMB1,250,000. Upon completion of the acquisitions, Wuhan Zall Heng became a non-wholly owned subsidiary of the Company on 23 May 2017. Wuhan Zall Heng was previously a joint venture of the Group with 60% equity interest, the principal business activities of which includes supply chain management and trading business.

From the post acquisition date to 31 December 2017, Wuhan Zall Heng contributed revenue of RMB3,233,749,000 and loss of RMB2,413,000 to the Group's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue would have been RMB37,678,539,000, and consolidated profit for the year would have been RMB2,463,435,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

	Pre-acquisition carrying amount *RMB'000*	**Fair value adjustment** *RMB'000*	**Recognised value on acquisition** *RMB'000*
Property, plant and equipment	16,537	394	16,931
Trade and other receivables	237,664	–	237,664
Cash and cash equivalents	789	–	789
Trade and other payables	(222,120)	–	(222,120)
Bank loans and loans from other financial institutions	(8,245)	–	(8,245)
Current tax liabilities	(62)	–	(62)
Deferred tax liabilities	–	(99)	(99)
Total identifiable net assets acquired	24,563	295	24,858
Non-controlling interests (35%)			8,700
Proportion of ownership (65%)			16,158
Deemed disposal of previously held interest (60%)			(14,915)
Consideration, satisfied by cash			(1,250)
Goodwill arising on acquisition			7
Net cash flow arising from acquisition Cash acquired			789

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 11 October 2017, the Group entered into an agreement in relation to acquisition of 52.48% interest in HSH International Inc. ("HSH") at an aggregate consideration of US$29,500,000 (equivalent to approximately RMB 192,759,000). HSH International Inc., a company incorporated in the Cayman Islands with limited liability, together with its subsidiaries, is principally engaged in the trading of chemical and plastic raw materials and operating the information services business. The transaction was approved by the shareholder of the Company on 5 March 2018 and completion took place on 28 March 2018, HSH, together with its subsidiaries, became non-wholly owned subsidiaries of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Consumer product-focused wholesale

The Group's flagship project, the North Hankou International Trade Center, leverages on the advantages of Wuhan as a national integrated transportation hub to provide one-stop services including offices, exhibitions, logistics, finance, manufacturing and export. After years of construction and careful operation, it has become the largest commercial trade logistics center in China, with developed and developing area of approximately 6 million square meters and over 30,000 wholesalers covering 26 major specialized markets, including footwear and leatherware, branded clothing, small goods, hotel supplies, textiles and accessories, hardware and lighting, curtains, and automotive. It recorded transactions of more than RMB60 billion in 2017. Since 2011, North Hankou has been supporting the planned relocation of Hanzheng Street by constructing storage, logistics, industrial park and ancillary facilities. During 2017, the Hanzheng Street women's apparel market was migrated to the North Hankou International Trade Center, involving 422 women's apparel merchants, 204 shoe merchants, 209 children's clothing merchants and 57 men's apparel merchants. The Group organized a grand store-opening event for the women's apparel and shoe wholesale markets. Meanwhile, two more market segments, namely books and used cars, were added to North Hankou, and it successfully undertook the relocation of the Hanxi Used-car Market.

Upon the approval of eight National ministries and commissions in 2016, North Hankou International Trade Center became the only state-level procurement and trading pilot market in central and western China. In addition to hosting local merchants, the center also serves as a trading base for several foreign merchants, making it a true international market and an important commercial hub for inland China. In 2017, foreign merchants at the Hankou International Trade center contributed to an export value of approximately US$932 million. During the same year, the 8th North Hankou Commodity Fair of China held at the North Hankou International Trade Center achieved a total transaction amount of RMB31.2 billion, representing a 16% increase compared to the previous session. The program for the month-long trade fair featured 10 themed events, including the 1st Wuhan International Commodity Fair of Friendship City, North Hankou International Fashion Week and the North Hankou Winter Stationary Commodity Fair. Hundreds of order-placing meetings and countless online and offline trades occurred over the fair's duration, demonstrating how the North Hankou Commodity Fair of China has evolved from being the "first exhibition of China domestic trade" into inland China's largest international trade fair. As it seizes opportunities arising from the "The Belt and Road" initiative, North Hankou International Trade Center is becoming a global commercial logistics center, as well as being a vital inland "open hub" through links running across land and over sea.

The North Hankou Industrial City project covers an initial area of approximately 400,000 square meters, which can potentially accommodate up to 800 manufacturers. The development's goal is to become the largest industrial processing base in Central China. During 2017 a number of well-known Chinese-style women's fashion brands and other large and medium-size manufacturers have moved to North Hankou Industrial City. As of 31 December 2017, North Hankou Industrial City – with a contract sales area of approximately 300,000 square meters – and North Hankou Textile and Accessory City and Brand Clothing City support each other across three main platforms (namely manufacturing, raw materials and distribution) to form a clothing industry cluster with integrated production, supply and marketing.

Tianjin E-commerce Mall is the Group's flagship project in Northern China. Main construction work on Phase I, with a total planned area of 3 million square meters and gross floor area of 612,000 square meters, has now been completed. Interior decorative works are near completion, and portions of the commercial, trade and e-commerce zones have 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 has been absorbing an increasing number of Beijing's large wholesale markets. Following the launches of Haining Leather City (海寧皮革城) and Dongpi Clothing Wholesale New Market (動批服裝新城), the Small Goods Mall (小商品城) entered into trial operation during the reporting period. The Mall also hosted a series of major events to attract investment during the year. These included the relocation of Jingwen Apparel Shopping Centers (北京京溫服裝市場) and Tianjin Big Alley Apparel Wholesale Market (天津大胡同整•體外遷入駐大會), and Beijing – Tianjin Small Goods Merchants Signing Ceremony (京津雙城小商品商戶外遷升級簽約入駐大會) and Zall Fashion City Signing Ceremony (卓爾精品服裝城簽約大會). As of 31 December 2017, over 5,000 merchants were stationed at Tianjin E-commerce Mall. It is expected that the six shopping malls in Phase I, including Dongpi Clothing Wholesale New Market, Jinwen Clothing Mall, Zall Small Goods Mall, Zall Fashion City, Zall Tianle Mall, Zall Red Gate Morning Market – will commence operation in April 2018.

Zallgo is the trading platform in Zall's intelligent trading ecosphere. With a focus on servicing offline markets, it provides a full set of O2O industry solutions and service functions, transforming offline trading to online and regional trading into whole network trading. Zallgo combines the functions of online trading, automatic logistics matching and supply chain financial services to greatly enhance the efficiency of wholesale trading while reducing logistical costs. The platform provides internet marketing services with a wide range of opportunities for upstream manufacturers to precisely advertise and display, expand channels nationwide and improve customer service. It also provides warehousing, logistics and financial services for the development of wholesalers. For wholesalers and retailers, Zallgo offers a simple, convenient means to online sales, and access to various marketing tools, including customised marketing methods that use data collected from wholesalers and major clients to craft rapid, precise market responses and effectively match the transaction. The Group and Zallgo earned a number of prestigious awards and recognitions in 2017, including accreditation as a "E-commerce Model Enterprise 2017-2018" (2017-2018年電子商務示範企業) by the Ministry of Commerce in September 2017; nomination as one of "China's Top 100 B2B Enterprises" (中國B2B百強企業) in October 2017; and recognition as a "New Force in China's B2B Industry 2017" (2017年中國B2B行業新銳勢力) by the China Electric Commerce Association in December 2017. As of 31 December 2017, Zallgo's online wholesale trading platform covered more than 50 cities across China with more than 1,400 national major wholesale markets and in excess of 450,000 merchants, the transaction amount for 2017 was RMB65 billion and the accumulative transaction amount was RMB106 billion, representing an increase of over 60% compared with last year.

Supply chain management and trading

As the Group continues to strengthen and expand its e-commerce, internet and intelligent trading businesses, a large number of buyers and sellers have gathered under Zallgo and the commodity market business. This has resulted in a substantial flow of synchronised information within the supply chain and created a high demand for supply chain management and trading services. To meet this demand, in 2016, the Group established various subsidiaries and joint ventures to operate a supply chain management business and provide other value-added services.

In May 2017, the Group increased its equity interest in Zall Heng Supply Chain Management (Wuhan) Co., Ltd. ("Wuhan Zall Heng") to 65%, and Wuhan Zall Heng became a non-wholly-owned subsidiary of the Company since 23 May 2017. In September 2017, the Group established Wuhan Zhongjin Network Information Technology Co., Ltd. to further improve the structure of its supply chain management service business. The Group has built a supply chain management service platform covering bulk non-ferrous metals, oil and fast-moving consumer goods and petrochemicals. Through continuous expansion and optimisation of its business mode, operational capabilities and service quality, the Company provides supply chain management and value-added services integrated with the flows of goods, business, capital and information for the industrial chain. Specific services include planning and design of the overall supply chain plan, procurement agency, import and export agency, customs clearance, customs inspection, distribution agency, storage and logistics management, fund settlement, financial service collaboration, information system support, O2O and others. The ultimate purpose is to link upstream and downstream trade channels with the industrial chain, help clients to optimise supply chain and capital operation efficiencies, control inventory risk, and reduce operating costs to achieve the synergetic development of the upstream and downstream of the industry.

In the non-ferrous metals sector, Wuhan Zall Heng and its subsidiaries engage in supply chain business of standardized non-ferrous metals such as electrolytic copper, electrolytic nickel and aluminum ingots. Business takes the form of import and export trading, domestic and re-export trading, undertaking sales and procurement demands of upstream and downstream clients, and interactions with large international and domestic non-ferrous metal processing and trading enterprises. In 2017, the related companies derived operating revenues of approximately RMB3.234 billion to the Group and established stable cooperative business relationships with nearly 80 upstream and downstream corporate clients. In the grain and agricultural products sector, Wuhan Zall Agriculture Supply Chain Management Co., Ltd. ("Wuhan Zall Agriculture") (武漢卓農滙) has established stable cooperative business relationships with nearly 10 upstream and downstream clients involved in different types of corn and rice products. Wuhan Zhuoyitong Supply Chain Management Co., Ltd. ("Wuhan Zhuoyitong") (武漢卓易通) and its subsidiaries have established stable cooperative business relationships with more than 10 upstream and downstream clients with a focus on fast-moving consumer goods, mother and baby products, and chemical products. The above companies derived an overall revenue of approximately RMB3.565 billion in the supply chain sector in 2017 to the Group, marking a leap in growth compared to 2016.

As an integral part of Zall's intelligent trading ecosphere, the supply chain segment will work synergistically with the Group's various platforms, such as by selecting high-quality customers to match with Zall Jinfu (卓爾金服) and promoting resource sharing between service platforms. It will also provide customers with additional valuable services. In the next three years, the segment's business will expand to steel trading and deep processing of non-ferrous metals. Leveraging on the advantages of its logistics and an established supply chain service platform, the Company will coordinate brand and logistics companies, financial institutions, and upstream and downstream companies to build a B2B and O2O supply chain business ecosystem with cross-border integration, platform sharing, and mutual support.

On this same basic platform, the Group also commenced a series of strategic acquisitions and accelerated development of its supply chain management capabilities.

On 28 June 2017, the Group accomplished the first completion of acquisition of majority equity interest of 50.6% in Shenzhen Sinoagri, became its controlling shareholder. On 27 June 2017, the Group announced a framework agreement to acquire a further 8.36% of equity interest in Shenzhen Sinoagri at a consideration of approximately RMB307 million. Shenzhen Sinoagri mainly engages in upstream and downstream business along the agricultural product chain and provides whole supply chain service solutions in the fields of information, trading, settlement, logistics and financing. The focus of Shenzhen Sinoagri is on vertical segmentation of bulk agricultural products, and the company has established mature operating models in categories including sugar, cocoon silk, wood panels and apples, of which the commodity flow volume accounts for approximately 30% of the total volume in the PRC. Its trading members include a substantial majority of industry participants, and it functions as both a resource allocation center and pricing indicator for the industry.

Shenzhen Sinoagri's business maintained its rapid growth and recorded revenues of approximately RMB32.6 billion for the year, representing a significant increase of over 59% compared to 2016. This was partly attributable to Shenzhen Sinoagri's acquisition of its joint venture Guangxi Sugar Market Network Co., Ltd. ("Guangxi Sugar Market") during the year, with the subsequent Guangxi Sugar Market subsidiary being included in consolidation from April 2017; and to increased 2017 revenue as a result of a significant rise in sugar prices. Additionally, the Group's mature B2B trading platform and the diversified supply chain management and financial services became new revenue growth drivers for Shenzhen Sinoagri. Looking ahead, Shenzhen Sinoagri will leverage on the Group's experience and resources, further enhance its whole industrial chain services and earnings growth, and accelerate toward its strategic objective of "building new agricultural ecosystem".

On 11 October 2017, the Group agreed to acquire a 52.48% equity interest in HSH International Inc. ("Huasuhui (化塑匯)") at a consideration of HKD230 million. This acquisition will give the Group a foothold of great potential in the chemical products trading platform, expanding the customer base of Zall's intelligent trading ecosphere, enhancing its trading scale, and giving a major boost to Zall's aim of becoming the largest B2B company in China. Huasuhui is principally engaged in e-commerce and supply chain management for chemical and plastic raw materials in the PRC. It offers a professional management team and rich management experience of operating information services and supply chain management businesses. The Group expects that Huasuhui will fully integrate with the Zall global intelligent trading ecosphere, with access to online and offline trading services such as logistics, finance and supply chain management. Ultimately, the addition of Huasuhui will further broaden the Group's client base, increase revenue, and strengthen its existing B2B e-commerce and supply chain management.

Supply chain finance services

Established in 2016, Zall Financial Services Group Limited ("Zall Jinfu") provides one-stop financial services including comprehensive supply chain finance, finance leasing, factoring and guarantees. Its launch was a key development for Zall's intelligent trading ecosphere, making a considerable enhancement to its supply chain financial services. The principal businesses of its subsidiaries – including Harvest Financial Information Services (Hangzhou) Co,.Ltd ("HFS"), Hangzhou Jiuyu Asset Management Co., Ltd.("Jiuyu Asset Management"), Zhong Bong Financial Leasing Co., Ltd. ("Zhong Bong Financial Leasing"), Zhong Bong Commercial Factoring Co., Ltd. ("Zhong Bong Commercial Factoring") and Wuhan North Hankou Guarantee Investment Co., Ltd. ("North Hankou Guarantee") – include the provision of guarantees, finance leasing, commercial factoring and direct financing to e-commerce customers. Zall Jinfu continues to develop a mutual supply chain finance service model which regards core merchants, upstream suppliers and downstream distributors holistically in respect to the entire supply chain management. It thus provides merchants with customised capital solutions based on their transactional chain relationships and industry characteristics, and makes effective and reasonable matches between idle funds of merchants, bank funds, public funds, and the borrowing needs of merchants, thus improving the efficiency of capital use and forming a safe financial "Closed loop". By exploiting differences in the market during peak and off seasons, the Group is able to effectively adjust the demand and supply of funds and satisfy the investment and financing needs of merchants in the wholesale market with lower costs. In 2017, Zall Jinfu expanded its assets, strengthened the connections of all sectors with Zall's intelligent trading ecosphere, enhanced and unified risk management standards, accelerated the progress of asset development, and conducted in-depth collaboration with various sectors of the Group. Through these and other measures, it improved financing efficiency, reduced the financing costs of merchants, and enhanced the stable operation and development of merchants in the ecosphere. As of 31 December 2017, the Zall Jinfu internet financial platform had a total of 230,400 registered members with a total financing of approximately RMB6.7 billion, representing an increase of 22% and 55% compared to 2016, respectively.

In the supply chain finance services field, Zalljinfu which acts as the Zall trading platform's supply chain finance services platform has expanded its assets, strengthened the connections of all sectors with the Zall ecosphere. It effectively integrates trading information, logistics and property information, and storage information for the online and offline wholesale market, forming a big data risk-control model and credit rating system, enhances and unified risk management standards, optimizes the progress of asset development, and conducted in-depth collaboration with various platforms of the Group, including Zall Commerce (卓爾雲商), Zallgo (卓爾購), Zallsoon (卓集送), Zhuoyitong (卓易通), etc., enhances cooperation with various financial institutions, improves financing efficiency, reduces the financing costs of merchants which provides core merchants, their upstream suppliers and downstream customers on Zall's trading platform with a fast, convenient, low-cost financing information service. In addition to the traditional mortgage business, Zalljinfu offers tailor-made financial services for its whole upstream and downstream supply chain according to the trading characteristics of the wholesale market. In particular, as merchants of Zallgo have financing needs in the trading process, Zalljinfu offers tailored credit loan services based on sellers and buyers, warehouse receipt pledges and stock right pledge financing services. Zalljinfu also provides supply chain finance services based on the logistics service and logistics production processes. Based on third-party logistics service carriers on the Zallsoon platform, Zalljinfu designs accounts receivable factoring and financing, order financing and credit loan services. For the year of 2017, Zalljinfu has accumulated approximately RMB1.318 billion of financial loans for upstream and downstream enterprises of the supply chain based on the North Hankou market, the trading management platform of transactions and supply chain such as Zall Cloud Market (卓爾雲市) and Zall Commerce (卓爾雲商).

Warehousing and logistics services

Zall Cloud Warehouse (卓爾雲倉), a subsidiary of the Group, focuses on online and offline warehouse goods custody services for enterprises, wholesale markets and various types of social dealers, financial products regulatory business, as well as warehouse leasing and upgrading support. Capitalising on a range of professional management systems and a large number of potential customer in the wholesale market, Zall Cloud Warehouse provides supply chain system support and implements standard warehouse management according to demand from wholesale markets and merchants. Its marginal benefits are expanded by a unified warehousing and distribution system which reduces merchant warehouse management costs and improves efficiency. Meanwhile, by leveraging on the major ecological advantages of Zall, Zall Cloud Warehouse provides supply chain finance services for SEMs that help solve the challenging periodical and seasonal funding issues of their operational process. In addition to opening up Zall's ecosphere, Zall Cloud Warehouse is striving to be developed into a nationally-renowned and reliable intelligent supply chain warehousing service platform in two to three years' time. As of 31 December 2017, Zall Cloud Warehouse had completed the construction of two self-operated stations in Wuhan and Tianjin. Zall Cloud warehouse cover 29 cities in 15 provinces, with an area of approximately 11.15 million square meters under its management.

The Group's Zallsoon (卓集送) platform mainly focuses on large customers in the same city and long distance business. It provides customized logistics solutions to designated large customers and customers requiring long distance delivery service by access to the system of clients and in-transit monitor through our vehicles and offers underlying supply chain services for clients in the ecosphere to reduce logistics costs and enhance transportation efficiency. Zallsoon additionally cooperates with car and new energy vehicle manufacturers through finance leases and provides value-added services for vehicle sales, recruitment of drivers and the automotive aftermarket (eg. vehicle insurance, maintenance, fueling, etc), all of which ensures a stable and controllable core transport capacity for the platform and solves the problem of traffic restrictions in some cities. As of 31 December 2017, Zallsoon had provided services to approximately 160,000 cargo owners covering internet enterprises, fresh food distributors, manufacturers, new online retailers and other major core clients, with over 45,000 active drivers on its platform. Total number of orders in aggregate amounted to nearly 20 million for the year (including matchmaking orders), with over 90,000 orders in a single day with highest number of order in the year. Cargo supply covered 10 cities, including Wuhan, Shanghai, Nanjing, Guangzhou, Shenzhen, Tianjin, Xuzhou, Dongguan and Zhenzhou. Furthermore, our logistics system will soon be shared by the various platforms within the ecosphere.

Investment portfolio

The portfolio of listed equity investments of the Group as at 31 December 2017 and 31 December 2016 are as follows:

As at 31 December 2017

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquisition cost	Carrying amount as at 31 December 2017	Unrealised holding (loss)/gain arising on revaluation for the year ended 31 December 2017	Realised holding gain arising on disposal for the year ended 31 December 2017	Dividend received for the year ended 31 December 2017
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
00607.HKEX	Fullshare Holdings Limited ("Fullshare")	695,497,500	3.53%	773,985	2,092,944	(149,601) *(Note)*	–	10,207
00658.HKEX	China High Speed Transmission Equipment Group Co., Ltd. ("China Transmission")	2,730,000	0.17%	16,739	30,807	14,068	3,050	–
					2,123,751	(135,533)	3,050	10,207

Note: The unrealised holding loss included the exchange loss of approximately RMB146.5 million for the year ended 31 December 2017.

As at 31 December 2016

Stock code	Name of investee company	Number of shares held	Effective shareholding interest	Acquistion cost	Carying amount as at 31 December 2016	Unrealised holding gain arising on revaluation for the year ended 31 December 2016	Realised holding gain arising on disposal for the year ended 31 December 2016	Dividend received for the year ended 31 December 2016
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
00607.HKEX	Fullshare	680,480,000	3.45%	734,920	2,203,480	1,120,304 *(Note)*	–	6,805

Note: The unrealised holding gain included the exchange gain of approximately RMB106.0 million for the year ended 31 December 2016.

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

As at 31 December 2017, the Group held approximately 695,497,500 (31 December 2016: 680,480,000) shares in Fullshare, representing approximately 3.53% of its entire issued share capital (31 December 2016: 3.45%). Fullshare is listed on the main board of the Stock Exchange. Its principle 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 RMB149.6 million, including exchange loss of approximately RMB146.5 million. For the year ended 31 December 2017 (31 December 2016: unrealised holding gain of RMB1,120.3 million including exchange gain of approximately RMB106.0 million). The carrying amount of investment in Fullshare accounts for approximately 4.42% of the Group's total assets as at 31 December 2017 (31 December 2016: 7.41%). The Group is of the view that the unrealised holding loss: (i) did not cover other aspects of the Group's results for the year ended 31 December 2017 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, 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.

As at 31 December 2017, the Group held approximately 2,730,000 (31 December 2016: nil) shares in China Transmission, representing approximately 0.17% of its entire issued share capital. China Transmission is listed on the main board of the Stock Exchange. Its principle activities are research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use. The Group recognised a realised holding gain and an unrealised holding gain of approximately RMB3.1 million and RMB14.1 million respectively for the year ended 31 December 2017. The carrying amount of investment in China Transmission accounts for approximately 0.07% of the Group's total assets as at 31 December 2017. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio based on the liquidity planning.

Results of Operation

Revenue

Revenue of the Group increased significantly by approximately 1,733.7% from RMB1,213.4 million for the year ended 31 December 2016 to approximately RMB22,249.2 million for the year ended 31 December 2017. 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 increase in rental income; (iii) the increase in revenue from E-commerce and financial service business; (iv) the decrease in revenue from construction contracts; and (v) the decrease in the revenue from sales of properties;

Revenue from supply chain management and trading business

The Group's revenue from supply chain management and trading business has contributed approximately 93.2% of the Group's total revenue for the year ended 31 December 2017. The significant contribution is due to the completion of the acquisition of 50.6% equity interest in Shenzhen Sinoagri and 5% equity interest in Wuhan Zall Heng and the revision of the contractual terms of the joint venture arrangement of Wuhan Zall Heng as described in the section headed "Material acquisitions and disposals of subsidiaries and associates" in this announcement (the "Completed Acquisitions"), resulting the revenue of Shenzhen Sinoagri and Wuhan Zall Heng being consolidated into the financial results of the Group.

Rental income

The Group's rental income increased significantly by approximately 167.1% from RMB182.1 million for the year ended 31 December 2016 to RMB486.3 million for the year ended 31 December 2017. The increase was primarily due to an increase in rental areas in the North Hankou Project and the increase in rent per square meter.

Revenue from E-commerce and financial services business

The Group's revenue from e-commerce and financial services business increased significantly by approximately 812.6% from RMB21.8 million for the year ended 31 December 2016 to RMB199.0 million for the year ended 31 December 2017. The increase was mainly due to (i) the contribution of RMB74.1 million from the subscription of membership income and (ii) the full year impact on the contributions from the subsidiaries of Zhong Bong Financial Leasing, Jiuyu Asset Management and HFS, which were acquired in the second half of year of 2016.

Revenue from construction contract

The Group's revenue from construction contract to build certain properties on behalf of a third party decreased by approximately 63.8% from RMB85.3 million for the year ended 31 December 2016 to RMB30.9 million for the year ended 31 December 2017. The revenue was recognised according to the actual cost incurred for the year ended 31 December 2017. The decrease for the year 2017 was primarily due to projects being at their completion stage in the year under review.

Sales of properties

Revenue from sales of properties decreased by approximately 7.1% from RMB727.1 million for the year ended 31 December 2016 to RMB675.5 million for the year ended 31 December 2017.

The Group's revenue from sales of properties was mainly generated from sales of Industrial City Project, Zall Life City – Zall Hupan Haoting Residences Project and sales of auxiliary facilities units.

During the year under review, the decrease in the Group's revenue from sales of properties was mainly due to the offsetting effect of (i) the increase in the GFA delivered of certain properties; and (ii) the lower average selling price due to the change of project mix of the properties sold in 2017.

Cost of sales

Cost of sales of the Group increased significantly by approximately 2,392.4% from approximately RMB852.1 million for the year ended 31 December 2016 to approximately RMB21,237.0 million for the year ended 31 December 2017. The increase is primarily due to the increase in of inventories of approximately RMB20,302.3 million from the supply chain management and trading business as the completion of the Completed Acquisitions as mentioned, resulting the financial results of Shenzhen Sinoagri and Wuhan Zall Heng being consolidated into the financial results of the Group.

Gross profit

Gross profit of the Group increased by approximately 180.2% from approximately RMB361.3 million for the year ended 31 December 2016 to approximately RMB1,012.3 million for the year ended 31 December 2017. The Group's gross profit margin decreased from 29.8% for the year ended 31 December 2016 to 4.5% for the year ended 31 December 2017 which is mainly due to the changes of the revenue portfolio of the Group due to the completion of the Completed Acquistions as mentioned, resulting the financial results of Shenzhen Sinoagri and Wuhan Zall Heng being consolidated into the financial results of the Group. As the supply chain management and trading business is at initial development stage, it has contributed higher revenue but lower profit margin as compared to the other business segment of the Group.

Other net (loss)/income

Other income of the Group decreased from approximately RMB1,130.5 million for the year ended 31 December 2016 to other loss of approximately RMB39.9 million for year ended 31 December 2017. The decrease was mainly due to the decrease in the fair value change on listed equity securities of approximately RMB1,255.8 million.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately 38.8% from RMB141.5 million for the year ended 31 December 2016 to approximately RMB196.4 million for the year ended 31 December 2017. The increase was primarily due to the increase in staff costs and rental subsidies to tenants of approximately RMB30.5 million and approximately RMB16.3 million respectively.

Administrative and other expenses

Administrative and other expenses of the Group increased by approximately 220.4% from RMB160.1 million for the year ended 31 December 2016 to approximately RMB513.0 million for the year ended 31 December 2017. The increase was primarily due to (i) the increase in staff cost of approximately RMB68.4 million; (ii) increase in amortisation and depreciation of approximately RMB31.6 million and (iii) increase in office expenses of approximately RMB19.9 million; and (iv) increase in share-based payment expenses of approximately RMB122.5 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 increased by approximately 136.8% from RMB1,275.7 million for the year ended 31 December 2016 to approximately RMB3,021.3 million for the year ended 31 December 2017. The increase was primarily due to the increased number of wholesale shopping mall units retained for rental purposes.

Share of net profits/(losses) of joint ventures

Share of net profits of joint ventures of the Group increased by 546.0% from share of net losses of approximately RMB163 thousand for the year ended 31 December 2016 to approximately share of net profits of RMB727 thousand for the year ended 31 December 2017. The increase is primarily due to the Group's share of net profits of AP V-Best Supply Chain (Shanghai) Ltd. which is a joint venture of a majority equity interest since the first completion of acquisition of Shenzhen Sinoagri in June 2017.

Share of net losses of associates

Share of net losses of associates consisted primarily of share of loss from LightInTheBox, which reflected the Group's 34.4% equity interest held in LightInTheBox. The amount increased by 47.5% from approximately RMB24.4 million for the year ended 31 December 2016 to approximately RMB36.1 million for the year ended 31 December 2017.

Gain on disposal of subsidiaries

For the year ended 31 December 2016, the Group disposed its subsidiary, namely Wuhan Panlong Zall Properties Co., Ltd. and recognised an gain of approximately RMB95.6 million. For the year ended 31 December 2017, the Group did not dispose any of its subsidiaries.

Finance income and costs

Finance income of the Group increased by approximately 2,343.1% from RMB3.6 million for the year ended 31 December 2016 to approximately RMB89.0 million for the year ended 31 December 2017. The increase was mainly attributable to interest income from the pledged bank deposits due to the consolidation of the financial results of Shenzhen Sinoagri upon the first completion of acquisition of a majority equity interest in Shenzhen Sinoagri in June 2017.

A net finance cost of the Group increased by approximately 177.8% from RMB192.3 million for the year ended 31 December 2016 to approximately RMB534.4 million for the year ended 31 December 2017. The increase was mainly attributable to the increase in interest expenses incurred on bank loans and loans from other financial institutions and other borrowing costs since the first completion of acquisition of a majority equity interest in Shenzhen Sinoagri in June 2017.

Income tax

Income tax increased by approximately 53.3% from RMB291.6 million for the year ended 31 December 2016 to RMB447.1 million for the year ended 31 December 2017. The increase was mainly due to the increase in deferred tax of RMB186.4 million as result of the increase of fair value gain from investment properties in 2017 and the reversal of deferred LAT relating to North Hankou Project. The Group's effective tax rate increased from approximately 12.4% for the year ended 31 December 2016 to approximately 15.9% for the year ended 31 December 2017.

Profit for the year

For the year ended 31 December 2017, the Group recorded a net profit of RMB2,356.5 million. Profit attributable to equity shareholders of the Company was RMB2,379.1 million, representing an increase of approximately 16.1% over the amount of RMB2,049.0 million for the year ended 31 December 2016.

Liquidity and capital resources

As at 31 December 2017, the Group had net current assets of approximately RMB3,996.7 million (31 December 2016: approximately RMB5,657.8 million) and net assets of approximately RMB18,660.9 million (31 December 2016: approximately RMB12,139.2 million). As at 31 December 2017, the Group's equity attributable to equity shareholders of the Company amounted to approximately RMB17,781.2 million (31 December 2016: approximately RMB12,104.5 million), comprising issued capital of approximately RMB32.3 million (31 December 2016: approximately RMB29.7 million) and reserves of approximately RMB17,748.9 million (31 December 2016: approximately RMB12,074.8 million). The Group's financial position is healthy with a stable well-managed working capital.

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 369.7% from approximately RMB273.3 million as at 31 December 2016 to approximately RMB1,283.6 million as at 31 December 2017. The increase was mainly attributable to the completion of the Completed Acquisitions, resulting the cash and cash equivalents held by Shenzhen Sinoagri and Wuhan Zall Heng being consolidated into the financial results of the Group.

Bank loans and loans from other financial institutions

The Group's total long-term and short-term loans increased by approximately 31.0% from approximately RMB8,393.9 million as at 31 December 2016 to approximately RMB10,994.4 million as at 31 December 2017. The increase was mainly attributable to the completion of the Completed Acquisitions as mentioned, resulting the financial results of Shenzhen Sinoagri and Wuhan Zall Heng being consolidated into the financial results of the Group.

Net gearing ratio

The Group's net gearing ratio decreased from 62.5% as at 31 December 2016 to 39.5% as at 31 December 2017. The decrease in net gearing ratio was mainly due to (i) the shareholders' funds in the Company has been increased due to the issuance of new shares and consideration shares under the general mandate and acquisition of Shenzhen Sinoagri, respectively (ii) the Group's financial position and net gearing ratio have been strengthen upon the first completion of the acquisition of Shenzhen Sinoagri. The net gearing ratio is calculated by dividing bank loans and loans from other financial institutions, 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 2017, 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 2017, the Group had pledged certain of its assets with a total book value of RMB17,390.1 million (31 December 2016: RMB16,253.1 million) and a total book value of RMB5,048.6 million (31 December 2016: Nil) for the purpose of securing certain of the Group's bank borrowings and bills payables respectively.

Material acquisitions and disposals of subsidiaries and associates

On 28 October 2016, Zall Development (BVI) Holding Company Limited ("Zall Development (BVI)"), a wholly-owned subsidiary of the Company entered into an acquisition agreement, pursuant to which Zall Development (BVI) conditionally agreed to purchase 60.49% equity interest of the Shenzhen Sinoagri at a consideration up to HKD2.591 billion in consideration of allotment and issue of up to 618,321,000 shares of the Company ("Shares"). The transaction is required to complete in two tranches. On 28 June 2017, the first tranche of the acquisition was completed and 517,227,000 Shares were allotted and issued to the vendors in exchange for approximately 50.6% equity interest of Shenzhen Sinoagri, and as a result of which Shenzhen Sinoagri became a non-wholly owned subsidiary of the Company. Shenzhen Sinoagri is principally engaged in B2B e-commerce for the trading of agricultural products, services including supply chain management and supply chain finance in the PRC.

In May 2017, Zall Development Wuhan Co., Ltd ("Zall Wuhan"), a wholly-owned subsidiary of the Company, entered into an agreement pursuant to which Zall Wuhan (i) agreed to further acquire 5% equity interests in Wuhan Zall Heng, which was formerly held as a joint venture, at a consideration of RMB1,250,000 and (ii) revision of certain contractual terms in the joint venture arrangement for Wuhan Zall Heng. Upon completion of the aforesaid acquisition and revision of contractual terms, Wuhan Zall Heng has became a non-wholly owned subsidiary of the Company on 23 May 2017. Wuhan Zall Heng is principally engaged in the provision of supply chain management services and solution for the supply of non-ferrous metals.

On 27 June 2017, Zall Commerce Supply Chain (Wuhan) Co. Ltd. ("Zall Supply Chain"), a wholly-owned subsidiary of the Group entered into an agreement with, among other parties, two non-controlling shareholders of Shenzhen Sinoagri pursuant to which Zall Supply Chain has conditionally agreed to acquire approximately 8.36% of the equity interest of Shenzhen Sinoagri at a cash consideration of RMB307,000,000. The aforementioned acquisition was approved in the extraordinary general meeting of the Company on 18 January 2018. As at the date of this announcement, the aforementioned acquisition has yet to be completed and is expected to be completed on or before 31 March 2018 and could be extended to a date mutually agreed by the parties.

On 11 October 2017, the Group entered into an agreement with HSH International Inc. ("HSH International") and five independent third parties in relation to subscription of 19.72% interest of HSH International at an aggregate consideration of USD14,342,336 and acquisition of 32.76% interest in at an aggregate consideration of USD15,157,663. HSH International Inc., a company incorporated in the Cayman Islands with limited liability, together with its subsidiaries, is principally engaged in the trading of chemical and plastic raw materials and operating the information services business. The transaction was approved by the shareholders of the Company ("Shareholders") on 5 March 2018. The aforementioned acquisition has been completed on 28 March 2018.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the year ended 31 December 2017 and up to the date of this announcement.

Segment reporting

Details of the segment reporting of the Group for the year ended 31 December 2017 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 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.

Wuhan Guarantee Investment, the Group's wholly-owned subsidiary, is principally engaged in provision of business start-up loan guarantee and personal loan guarantee for entrepreneurs in the PRC. In accordance with the terms stipulated in the relevant agreements, Wuhan Guarantee Investment is required to make payments to reimburse the beneficiary of the guarantee for the loss incurs if a specified borrower fails to make payment when due.

As at 31 December 2017, the guarantees provided to lenders in relation to personal loans and banks in relation to mortgage facilities granted to purchasers of the Group's properties amounted to RMB141.7 million (2016: RMB148.8 million) and RMB845.2 million (2016: RMB1,881.8 million), respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed a total of 1,714 full time employees (2016: 1,422). The increase of headcount during the year under review was mainly due to new business development such as supply chain management and trading. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2017, the employees benefit expenses were RMB244.2 million (2016: RMB86.1 million). The increase is mainly due to the increase in number of full time staff and the equity settled share-based payment expenses (details please refer to the completion of acquisitions mentioned in the section headed "Material acquisitions and disposals of subsidiaries and associates" in this announcement). 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. Further information in relation to the Share Option Scheme will be set out in the annual report of the Company for the year ended 31 December 2017.

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 upon the listing of its shares on the Stock Exchange. In the opinion of the Board, save for the deviation from code provision A.2.1 described below, the Company had complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2017.

Deviation from Code Provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the year ended 31 December 2017, the Company has not separated the roles of chairman and chief executive officer of the Company and Mr. Yan Zhi acted as the co-chairman together with Dr. Gang Yu since 17 August 2015 and also the chief executive officer of the Company, responsible for overseeing the operations of the Group. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

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 2017. 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 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, 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 annual results of the Group for the year ended 31 December 2017 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 financial figures in respect of the announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the result announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK2.58 cents per share for the year ended 31 December 2017 (corresponding period in 2016: Nil) out of the share premium account of the Company. The payment of the aforesaid final dividend is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company and, if approved by the Shareholders, will be paid on or before 31 July 2018. Further information regarding the distribution of final dividend, including the relevant record dates, book close dates and payment date will be announced in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Wednesday, 30 May 2018. A notice convening the AGM will be published and dispatched to the Shareholders 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 Thursday, 24 May 2018 to Wednesday, 30 May 2018 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 May 2018.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of 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 2017 of the Group containing all the information required by the Listing Rules will also be published on the same websites and be dispatched to the Shareholders in due course.

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

Hong Kong, 29 March 2018

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. Cui Jinfeng and Mr. Peng Chi 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.