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国美金融科技
GOME FINTECH

國美金融科技有限公司

Gome Finance Technology Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

(2) RETIREMENT OF DIRECTORS

AND

(3) CHANGE IN COMPANY SECRETARY, AUTHORIZED REPRESENTATIVES AND PROCESS AGENT IN HONG KONG

The board (the "Board") of directors (the "Directors") of Gome Finance Technology Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2018 together with the comparative figures, which have been reviewed by the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **RMB'000**	2017 *RMB'000*
Revenue	6	**69,004**	73,807
Other income and gains	6	**33,952**	30,054
Administrative expenses		**(61,504)**	(55,579)
(Provision for)/reversal of impairment loss on trade and loans receivables	12	**(14,202)**	12,414
Finance costs	8	**(37,339)**	(35,782)
Gains on financial assets at fair value through profit or loss	7	**7,941**	–
(Loss)/profit before tax	7	**(2,148)**	24,914
Income tax credit/(expense)	9	**3,587**	(3,190)
Profit for the year		**1,439**	21,724
Attributable to:			
Owners of the Company		**1,439**	21,724
Earnings per share attributable to ordinary equity holders of the Company	11		
Basic and diluted			
For profit for the year		**RMB0.05 cents**	RMB0.80 cents
Profit for the year		**1,439**	21,724
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**36,865**	(92,748)
Other comprehensive income for the year, net of tax		**36,865**	(92,748)
Total comprehensive income for the year		**38,304**	(71,024)
Attributable to:			
Owners of the Company		**38,304**	(71,024)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000
Non-current assets			
Trade and loans receivables	12	**106,752**	56,720
Property, plant and equipment		**1,257**	1,893
Other intangible assets		**12,600**	17,702
Deferred tax assets		**4,219**	595
Total non-current assets		**124,828**	76,910
Current assets			
Trade and loans receivables	12	**507,484**	353,640
Prepayments, other receivables and other assets		**606,804**	605,071
Financial assets at fair value through profit or loss		**131,719**	–
Pledged deposits for bank loans		**889,470**	831,464
Cash and cash equivalents		**318,521**	708,401
Total current assets		**2,453,998**	2,498,576
Current liabilities			
Trade payables	13	**2,690**	11,730
Other payables and accruals		**12,930**	37,822
Tax payables		**3,195**	4,274
Interest-bearing bank and other borrowings		**774,000**	776,000
Total current liabilities		**792,815**	829,826
Net current assets		**1,661,183**	1,668,750
Total assets less current liabilities		**1,786,011**	1,745,660

	Notes	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
Non-current liabilities			
Bonds issued		**28,364**	26,635
Total non-current liabilities		**28,364**	26,635
Net assets		**1,757,647**	1,719,025
Equity			
Equity attributable to owners of the Company			
Share capital		**230,159**	230,159
Reserves		**1,527,488**	1,488,866
Total equity		**1,757,647**	1,719,025

NOTES:

1 GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "HKEx"). The principal place of business in Hong Kong is located at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The Company's holding company and ultimate holding company is Swiree Capital Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise commercial factoring, financial leasing, pawn business and consultation services in Mainland China and money lending services in Hong Kong.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. The financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Other than as explained below regarding the impact of HKFRS 9 *Financial Instruments*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

3.1 HKFRS 9 – Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

Considering the impact of these standards, and interpretations on the consolidated financial statements, the Group recorded an adjustment to 1 January 2018 retained earnings at the adoption date, but didn't restate comparative periods.

Classification and Measurement

In HKFRS 9, investments in debt instruments are classified into three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss based on the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are required to be measured at fair value through profit or loss, unless an option is irrevocably exercised at inception to present changes in fair value in other comprehensive income in which case the accumulated fair value changes in other comprehensive income will not be recycled to profit or loss in the future.

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are classified as part of "other" business model. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Characteristics of the contractual cash flows

The assessment of the characteristics of the contractual cash flows aims to identify whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

Impairment

HKFRS 9 requires that the measurement of impairment of a financial asset be changed from "incurred loss model" to "expected credit loss model" (ECL model) and this way of measurement applies to financial assets measured at amortised cost, measured at fair value with changes taken to other comprehensive income, and loan commitments and financial guarantee contracts.

(a) A reconciliation between the carrying amounts under HKAS 39 to the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	HKAS 39 Measurement	Reclassification	Remeasurement	HKFRS 9 Measurement
Assets				
Financial assets at fair value through profit or loss	–	211,572	(1,506)	210,066
From:				
Trade and loans receivables	–	211,572	(1,506)	210,066
Trade and loans receivables	410,360	(211,572)	(652)	198,136
To:				
Financial assets at fair value through profit or loss	–	(211,572)	(652)	(212,224)
Deferred tax assets	595	–	(106)	489
Other payables and accruals	37,822	–	(2,582)	35,240

(b) A reconciliation between the impairment allowance for financial instruments under HKAS 39 to amount reported under HKFRS 9 as at 1 January 2018 is as follows:

	HKAS 39 Measurement	Reclassification	Remeasurement	HKFRS 9 Measurement
Trade and loans receivables	15,844	(1,049)	652	15,447

4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 16	*Leases*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015 – 2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[1]
Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019. The Group has assessed the impact of this standard and expects that the standard will not have significant impact, when applied, on the consolidated financial statements of the Group.

HK (IFRIC)-Int 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of HKAS 12 and does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group will apply this Interpretation from its effective date. The interpretation is not expected to have any significant impact on the Group's consolidated financial statements and the required disclosures.

5 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspective. Due to increasing focus on commercial factoring and finance lease services in the current period, the Group divides the financing services segment into commercial factoring services, finance lease services and other financing services segments to provide better assessment of segment performance. Summary of details of the operating segments is as follows:

Operating segments	**Nature of business activities**
Commercial factoring services	Commercial factoring services in Mainland China
Finance lease services	Finance lease services in Mainland China
Other financing services	Pawn loan services, real estate-backed loan services, other loan services and consultation service in Mainland China and money lending services in Hong Kong

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that bank interest income, investment income, finance costs of bonds issued, exchange gain or loss as well as items not specifically attributed to an individual reportable segment, such as unallocated corporate expenses, are excluded from such measurement.

Segment assets include all tangible and intangible assets, current assets with the exception of notes receivable and other corporate assets which are not allocated to an individual reportable segment. Segment liabilities include trade and other payables attributable to the activities of the individual segments, interest-bearing bank and other borrowings managed directly by the segments with the exception of other corporate liabilities which are unallocated to an individual reportable segment.

	Year ended 31 December 2018			
	Commercial factoring services	Finance lease services	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Revenue from external customers	**46,173**	**14,906**	**7,925**	**69,004**
Segment results	**7,153**	**(12,688)**	**(9,210)**	**(14,745)**
Reconciliation:				
Bank interest income				**29,856**
Finance costs				**(16,210)**
Exchange gain				**3,816**
Unallocated expenses				**(4,865)**
Loss before taxation				**(2,148)**
Taxation				**3,587**
Profit for the year				**1,439**

	At 31 December 2018			
	Commercial factoring services	Finance lease services	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**987,413**	**444,336**	**158,745**	**1,590,494**
Reconciliation:				
Unallocated assets				**988,332**
Total assets				**2,578,826**
Segment liabilities	**778,144**	**6,739**	**6,458**	**791,341**
Reconciliation:				
Unallocated liabilities				**29,838**
Total liabilities				**821,179**

	Year ended 31 December 2018				
	Commercial factoring services	**Finance lease services**	**Other financing services**	**Unallocated items**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Other segment information:					
Depreciation and amortisation	**2,849**	**1,203**	**2,681**	**–**	**6,733**
Provision for/(reversal of) impairment loss on trade and loans receivables	**4,789**	**9,749**	**(336)**	**–**	**14,202**
Additions to non-current assets*	**947**	**–**	**43**	**–**	**990**

	Year ended 31 December 2017			
	Commercial factoring services	Finance lease services	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Revenue from external customers	67,770	2,510	3,527	73,807
Segment results	13,264	(6,828)	7,346	13,782
Reconciliation:				
Investment income				1,578
Bank interest income				16,538
Finance costs				(8,290)
Exchange gain				11,747
Unallocated expenses				(10,441)
Profit before taxation				24,914
Taxation				(3,190)
Profit for the year				21,724

	At 31 December 2017			
	Commercial factoring services	Finance lease services	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	723,095	528,490	145,910	1,397,495
Reconciliation:				
Unallocated assets				1,177,991
Total assets				2,575,486
Segment liabilities	795,121	31,016	2,254	828,391
Reconciliation:				
Unallocated liabilities				28,070
Total liabilities				856,461

	Year ended 31 December 2017				
	Commercial factoring services	Finance lease services	Other financing services	Unallocated items	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:					
Depreciation and amortisation	1,971	1,263	3,516	1	6,751
(Reversal of)/provision for impairment loss on trade and loans receivables	(2,563)	786	(10,637)	–	(12,414)
Additions to non-current assets*	90	–	682	–	772

* Additions to non-current assets only include the additions to property, plant and equipment and the intangible assets during the year.

Geographical information

(a) *Revenue from external customers*

	2018	2017
	RMB'000	*RMB'000*
Hong Kong	**–**	1,740
Mainland China	**69,004**	72,067
	69,004	73,807

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Hong Kong	**659**	884
Mainland China	**13,198**	18,711
	13,857	19,595

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue of approximately RMB7,925,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: RMB7,913,000) was consultation service income derived from other financing service to a major customer.

6 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue		
Interest income		
Commercial factoring loans	**42,941**	67,770
Finance lease receivables	**14,906**	2,510
Real estate-backed loans	**–**	847
Personal property pawn loans	**–**	302
Other loans receivables	**–**	2,378
	57,847	73,807
Consultation service income	**7,925**	–
Management fee income	**3,232**	–
	69,004	73,807
Other income		
Bank interest income	**29,856**	16,538
Others	**280**	191
	30,136	16,729
Other gains		
Exchange gain	**3,816**	11,747
Investment income	**–**	1,578
	3,816	13,325
	33,952	30,054

7 LOSS/(PROFIT) BEFORE TAX

The Group's profit or loss before tax is arrived at after charging/(crediting):

	2018	2017
	RMB'000	*RMB'000*
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**26,977**	17,356
Retirement benefit scheme contributions	**3,125**	1,586
	30,102	18,942
Gains on financial assets at fair value through profit or loss	**7,941**	–
Provision for/(reversal of) impairment loss on trade and loans receivables *(Note 12)*	**14,202**	(12,414)
Legal and professional fees	**3,795**	6,253
Amortisation of intangible assets	**5,102**	5,112
Minimum lease payments under operating leases	**4,988**	4,700
Auditor's remuneration	**1,044**	3,850
Software maintenance	**2,900**	2,900
Depreciation of property, plant and equipment	**1,631**	1,639
Business taxes and other levies	**671**	704

8 FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest expenses on:		
Bank and other borrowings	**34,836**	33,255
Bonds issued	**2,503**	2,527
	37,339	35,782

9 INCOME TAX

No provision of Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2018 and for the year ended 31 December 2017. Mainland China income tax has been provided at the rate of 25% for the year ended 31 December 2018 (for the year ended 31 December 2017: 25%) on the estimated assessable profits arising in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdiction) in which the Group operates.

	2018	2017
	RMB'000	*RMB'000*
Current income tax		
– Mainland China	**143**	3,004
Total current tax	**143**	3,004
Deferred tax	**(3,730)**	186
Total tax charge for the year	**(3,587)**	3,190

10 DIVIDENDS

The directors did not recommend the payment of any dividend for the year ended 31 December 2018 and the year ended 31 December 2017.

11 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,701,123,120 (for the year ended 31 December 2017: 2,701,123,120) in issue during the year ended 31 December 2018.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2018 in respect of dilution as the Group had no potential dilutive ordinary shares in issue for the year ended 31 December 2018. The basic earnings per share equals to the diluted earnings per share.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2017 in respect of dilution as the Group had no potential dilutive ordinary shares in issue for the year ended 31 December 2017. The basic earnings per share equals to the diluted earnings per share.

The calculations of basic and diluted earnings per share are based on:

	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**1,439**	21,724

	2018	2017
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,701,123**	2,701,123
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
	2,701,123	2,701,123

12 TRADE AND LOANS RECEIVABLES

	31 December 2018 RMB'000	31 December 2017 RMB'000
Trade and loans receivables		
Commercial factoring loans *(Note (a))*	**500,061**	352,420
Finance lease receivables *(Note (b))*	**131,193**	69,233
Personal property pawn loans *(Note (c))*	**4,216**	4,551
Other trade receivables *(Note (d))*	**8,400**	–
	643,870	426,204
Impairment	**(29,634)**	(15,844)
	614,236	410,360
Carrying amount analysed for reporting purpose:		
Current assets	**507,484**	353,640
Non-current assets	**106,752**	56,720
	614,236	410,360

The directors consider that the fair values of trade and loans receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes:

(a) For commercial factoring loans arising from the Group's commercial factoring business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 365 days.

(b) For finance lease receivable arising from the Group's leasing business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 1,095 days.

(c) For personal property pawn loans arising from the Group's pawn loans business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 240 days.

(d) For other trade receivables arising from the money lending business and other consultation services, the customers are obligated to settle the amounts according to the terms set out in the relevant contracts.

(1) An ageing analysis of the trade and loans receivables as at the end of the reporting period is as follows:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Within 3 months	**226,833**	398,336
3 to 6 months	**1,826**	9,540
6 to 12 months	**355,918**	4,309
Over 12 months	**59,293**	14,019
	643,870	426,204
Impairment	**(29,634)**	(15,844)
	614,236	410,360

(2) The ageing analysis of the trade and loans receivables that are not individually considered to be impaired is as follows:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Neither past due nor impaired	**363,755**	412,628
Less than 30 days past due	**32,827**	82
30 to 60 days past due	**3,922**	–
61 to 120 days past due	**3,991**	–
More than 120 days past due	**12,769**	–
	417,264	412,710

(3) The movements in provision for impairment of trade and loans receivables are as follows:

	Year ended 31 December 2018			
	Stage 1 (expected credit loss of 12 months)	**Stage 2 (expected credit loss of whole period)**	**Stage 3 (impaired expected credit loss of whole period)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	**1,823**	**144**	**13,480**	**15,447**
Transfer to Stage 1	**20**	**(20)**	**–**	**–**
Transfer to Stage 2	**(211)**	**211**	**–**	**–**
Transfer to Stage 3	**(100)**	**(31)**	**131**	**–**
Charge for the period	**1,157**	**987**	**10,992**	**13,136**
Release for the period	**(1,114)**	**(60)**	**(705)**	**(1,879)**
Stage transfer	**(15)**	**117**	**2,843**	**2,945**
Write-offs	**–**	**–**	**(15)**	**(15)**
As at 31 December 2018	**1,560**	**1,348**	**26,726**	**29,634**

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
At beginning of year	**15,844**	28,728
Effect of adoption of HKFRS 9	**(397)**	–
At beginning of year (restated)	**15,447**	28,728
Impairment loss recognised *(Note 7)*	**16,088**	2,661
Impairment loss reversed* *(Note 7)*	**(1,886)**	(15,075)
Bad debt allowance written off	**(15)**	(245)
Exchange difference	**–**	(225)
	29,634	15,844

* The directors considered that the amounts due could not be recovered and sufficient impairment has been made in the previous year. During the year, the debtor has made repayment in respect of the outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

Included in the above provision for impairment of trade and loans receivables is a provision for individually impaired trade and loans receivables of approximately RMB17,894,000 (as at 31 December 2017: approximately RMB13,480,000) with a carrying amount before provision of approximately RMB226,606,000 (as at 31 December 2017: approximately RMB13,494,000).

The individually impaired trade and loans receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and sufficient impairment has been made on these trade and loans receivables.

The Group has certain concentration risk on trade and loans receivables as it has five (as at 31 December 2017: five) customers with total outstanding balances of approximately RMB292,378,000 (as at 31 December 2017: approximately RMB310,235,000) as at 31 December 2018, and two (as at 31 December 2017: four) customers contribute more than 10% of trade and loans receivables of the Group.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

13 TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Within 1 month	**2,244**	3,909
1 to 2 months	**–**	1,664
2 to 3 months	**–**	774
Over 3 months	**446**	5,383
	2,690	11,730

As at 31 December 2018, the Group had trade payables due to related parties of approximately RMB30,000 (as at 31 December 2017: RMB214,000).

The trade payables are non-interest-bearing and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of trade payables approximates to their fair values.

14 OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from one to seven years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within one year, inclusive	**3,402**	3,541
In the second to fifth years, inclusive	**4,487**	3,747
After five years	**302**	1,199
	8,191	8,487

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year ended 31 December 2018, the Group, in light of the trend of economic development and the features of the development of the industry, remained committed to the vision of 'using innovation to promote the development of technology and using technology to drive financial reform', and to the objective of establishing a market-leading comprehensive financial technology services group. The Group strived to continually improve the industry and service system, so as to provide more comprehensive, convenient and high-quality financial services for its customers.

The Group remains positive with the growth potential of the market in Mainland China. Using the commercial factoring and financial leasing businesses as a foothold and on the basis of balancing risk control and product income, the Group has placed ever greater effort in expanding its high-quality businesses. During the year, the Group proactively adapted to changes in the economic environment in Mainland China, and maintained a stable business income of RMB69,004,000, representing a slight decrease of 6.5% year-on-year. During the year, profit attributable to the owners of the Company was approximately RMB1,439,000, representing a decrease of approximately RMB20,285,000 over last year.

The management of the Group strongly believes that by accelerating the pace of business layout, and by optimizing and upgrading its products and services, the Group will be able to maintain its healthy development and achieve better operating results in future.

INDUSTRY ENVIRONMENT

In 2018, the uncertainties in the social and political environment around the world increased and the global economy had been influenced by various factors, thus growth was hampered. In terms of geographical region, the interest rate hike by the US Federal Reserve was implemented as scheduled and the US stock market declined after reaching the peak; there were still uncertainties regarding the recovery continuity of Europe, and the inflation declined as well at the same time; meanwhile, the downward pressure faced by Japan's economy had not been eliminated.

With intensifying challenges in the external macro-environment, China's economy remained stable overall, yet with a declining growth rate. The annual gross domestic product (GDP) growth rate was 6.6%, representing a year-on-year decrease of 0.2 percentage points. The year-on-year producer price index (PPI) rose 3.5%, lower than that of 2017. Meanwhile, dragged down by auto-mobile and housing consumption, the total consumption demonstrated a decrease. In addition, social financing growth recorded a new low and the real economy showed a slightly softer growth.

Under dual pressures of the severe and complicated external environment and economic downturn, there were increased policy and regulatory uncertainties. In 2018, the government constantly promulgated traditional financial regulatory policies, tightening internet finance policies and releasing strong regulatory signals. Under this backdrop, small and medium-sized internet financial institutions faced a soaring pressure in operation, with frequent incidents of bankruptcy, absconding and mergers and constant business reshuffles.

In 2018, the financial regulatory authorities had continued to foster compliance as well as robust and healthy development of the financial technology sector, and encourage institutions to improve their capabilities in serving the real economy. With sound risk control, abundant resources in business scene integration and products catering to the needs of the real economy, internet financial institutions will build up their competitive advantages gradually.

BUSINESS REVIEW

During the year, the Group benefitted from GOME's resources and industry chain advantages, explored deeper into the needs of upstream and downstream customers in the industry chain, and continued its work in optimising its capabilities in front-end business support and back-office service support. Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), a wholly-owned subsidiary of the Company, further optimised its risk control system on the foundation of the integration between the logistics at GOME's retail end and warehousing databases, significantly improving the processing efficiency of its existing businesses and continuously enhancing customer experience. In the meantime, against the backdrop of weakening momentum of overall economic growth and greater operational difficulties in the real economy, the Group prudently strengthened risk control according to the macro environment, including tightening the approval criteria for new customers. During the year, the total lending volume exceeded RMB1,600,000,000. While the total lending volume decreased as compared to 2017, the factoring business recorded an operating earnings of RMB11,942,000 despite the harsh environment, representing an increase of 11.6% as compared to 2017.

Spreading from the GOME industry chain to other customer bases, Tianjin Gome Financial Leasing Company Limited, a wholly-owned subsidiary of the Company, promoted the refined development of its equipment financing and consumer-side retail leasing businesses, achieving a healthy development of its financial leasing business on the basis of guaranteeing the quality of its businesses. During the year, the Group's financial leasing business recorded a lending volume of approximately RMB130,000,000, almost doubling that of the preceding year, and the related interest income had also increased significantly to RMB14,906,000. Although the financial leasing business still recorded an operating loss, it was mainly due to the fact that the business was still in the early stages of development and had a relatively high cost. The management remains optimistic about the future development of the relevant business.

Other than the factoring business and financing leasing business, the Group, through Gome Wangjin (Beijing) Techonology Co., Ltd ("Gome Wangjin"), a wholly-owned subsidiary of the Company, has been dedicating to the research and development of comprehensive financial technology solutions (such as customer management solutions, risk management solutions and settlement system solutions), and has continued to explore different opportunities in the other financing services business by utilising its rich technical experience in the relevant areas. During the year, Gome Wangjin provided solution consultation services to a related party and recorded an income of RMB7,925,000. Although the other financing services business still recorded an operating loss during the year, the loss was mainly due to the fact that certain new businesses were still being laid out and built and did not generate revenue. The management will continue to promote the development of the relevant business.

Due to adjustment in business development plan, certain money lending businesses, such as real estate-backed loans, personal property pawn loans and other loans receivables, have been scaled down since 2017, and no significant related operations were carried out by the Group in 2018.

FINANCIAL REVIEW

Results highlights

During the year, the Group recorded an operating revenue of approximately RMB69,004,000, representing a decrease of RMB4,803,000 (6.5%) over RMB73,807,000 for 2017. The decrease in revenue was mainly attributable to the heightened caution towards new investments to mitigate risks in response to a slowdown in the domestic economy, which affected the demands for funding and reduced the number of loan applications. Meanwhile, the Group tightened its approval criteria for new commercial factoring customers, resulting in a decline in revenue from commercial factoring.

During the year, profit attributable to the owners of the Company was approximately RMB1,439,000 (2017: RMB21,724,000), representing a significant decrease as compared to the last year. The decrease in profit attributable to the owners of the Company was mainly attributable to a provision for impairment loss of loans on the Group's trade and loans receivables of RMB14,202,000 (2017: a reversal of impairment loss on loans receivables of approximately RMB12,414,000). During the year, the Group recorded a loss before tax of RMB2,148,000. If the impact of the impairment provision or reversal of impairment is excluded, the profit before tax would be similar to that of 2017 at RMB12,054,000 (2017: RMB12,500,000). The reversal of impairment in 2017 was mainly due to a large amount from the other financing services business being recovered, while the significant increase of impairment provision in 2018 was mainly due to the increase in scale of the financial leasing services.

Basic earnings per share for the year were RMB0.05 cents (2017: RMB0.80 cents). The board of directors of the Company did not recommend the payment of a final dividend for the year (2017: Nil).

Commercial factoring business

The following table sets forth the operating results for the Group's commercial factoring business:

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Revenue	**46,173**	67,770
Effect of applying the new standard in relation to financial instruments	**5,959**	–
Operating expenses	**(40,190)**	(57,069)
Operating earnings	**11,942**	10,701
(Provision for)/reversal of impairment on loans receivables	**(4,789)**	2,563
Segment results	**7,153**	13,264

The revenue from the commercial factoring business during the year (adding back the effect of the application of the new standard in relation to financial instruments in revenue reclassification) decreased by approximately RMB15,638,000 as compared with 2017, mainly due to the aforementioned reasons relating to the overall economic environment. The results were also affected by the Group's application of new standard on financial instruments since 1 January 2018, under which some loan receivables were classified as measured at fair value based on their contractual cash flow characteristics, and interest income from financial assets measured at fair value should be correspondingly recognised as gains or changes in financial assets at fair value through profit or loss. The above reclassification resulted in a decrease of approximately RMB5,959,000 in the operating revenue from the commercial factoring business segment. While the decline in income was partly offset by the improved profit margin for the factoring business for the year as compared with 2017, the total income was still being impacted.

During the year, the operating expenses of the commercial factoring business decreased by RMB16,879,000 as compared with the preceding year, mainly attributable to: (1) a significant decrease in interest expense on borrowings due to a reduction in money lending and a reduction of the use of external funds during the year; and (2) a reduction in related operating expenses by the management in response to the business environment.

During the year, impairment provision on loans receivables for commercial factoring business was RMB4,789,000. The balance of asset loans at year-end decreased as at 31 December 2017 when the Group started refactoring without recourse business with other companies in the industry to improve asset liquidity for 2017, resulting in a reversal of impairment on trade receivables in 2017. During the year, impairment provision increased with the increase in the balance of substandard and doubtful loans receivables.

Due to the combined effect of the above factors, the operating profit and segment results both dropped as compared with last year.

The Group has applied the new standard in relation to financial instruments since 1 January 2018. The new standard requires the impairment of financial assets to be measured in an "expected credit loss model" as opposed to an "incurred credit loss model". The Group takes a consistent and objective approach in analysing loan qualities so as to assess whether there will be impairment losses on loans receivables, taking into account events such as subsequent settlement, default or delinquency in interest or principal payments, and the financial and credit analysis of each individual debtor or a group of debtors. After such analysis, the Group classifies the loans into five different categories as well as three stages based on expected credit losses as required by the new standard in relation to financial instrument, and applies a consistent policy to each loan category in providing for the impairment of loans receivables with reference to the balances of loans receivable of various categories of loans, net of any settlement amounts subsequent to the reporting period. At the end of 2017, as loans receivables have not been classified into three stages based on the expected credit losses according to the new standard in relation to financial instrument, they are presented only in five loan categories.

The following table sets forth the distribution of trade and loans receivables of the Group's factoring business by five categories of classification.

	31 December 2018		31 December 2017	
	Gross balance	**Impairment provision**	Gross balance	Impairment provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**239,698**	**93**	347,146	1,696
Special mention	**234,794**	**2,677**	–	–
Substandard	**20,464**	**2,526**	–	–
Doubtful	**–**	**–**	–	–
Loss	**5,105**	**5,105**	5,274	5,274
	500,061	**10,401**	352,420	6,970

The management and risk management department of the Group closely monitor the substandard and doubtful loans, including regular communication with borrowers and setting up of repayment schedules, in addition to provision for the relevant amounts according to the regulations.

Financial leasing business

The following table sets forth the operating results for the Group's financial leasing business:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
Revenue	**14,906**	2,510
Operating expenses	**(17,845)**	(8,552)
Operating loss	**(2,939)**	(6,042)
Provision for impairment on loans receivables	**(9,749)**	(786)
Segment results	**(12,688)**	(6,828)

The increase in operating loss of the financial leasing business for the year as compared with that of the preceding year was mainly attributable to the significant increase in revenue and expenses for the new vehicle leaseback business 美易車 and the mobile phone leaseback business 國美租租 launched by the Group in the second half of 2017 from annualisation; and due to significantly higher staff and channel promotional fees incurred in the preliminary period of the businesses in addition to the increase in the related interest expenses due to expansion in business, while revenue was realised by instalments during the lease terms, resulting in operating loss.

Due to the expansion of asset scale and default of certain customers, the impairment provision on loans receivable for the financial leasing business for the year increased as compared with 2017. If the impairment provision for loans receivables is excluded, the financial leasing business had improved over 2017 due to its scale increase and maturity, and its operation loss had also reduced.

The following table sets forth the distribution of trade and loans receivables of the Group's financial leasing business by five categories of classification.

	31 December 2018		31 December 2017	
	Gross balance	**Impairment provision**	Gross balance	Impairment provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**112,063**	**2,637**	65,484	652
Special mention	**1,930**	**739**	80	16
Substandard	**3,647**	**1,700**	34	20
Doubtful	**5,158**	**2,973**	–	–
Loss	**8,395**	**6,968**	3,635	3,635
	131,193	**15,017**	69,233	4,323

As the business was relatively new and the loans receivables were more spread open, the Group made more prudent provisions for substandard and doubtful loans receivables, resulting in a loss of RMB12,688,000 during the year.

Other financing services business

The following table sets forth the operating results for the Group's other financing services business:

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Revenue	**7,925**	3,527
Operating expenses	**(17,471)**	(6,818)
Operating loss	**(9,546)**	(3,291)
Reversal of impairment on loans receivables	**336**	10,637
Segment results	**(9,210)**	7,346

The revenue of the other financial services business for the year represents consultation service fee collected by Gome Wangjin. The substantial increase in operating expenses and operating loss of the other financial services business as compared with 2017 was mainly because, as mentioned above, the Group commenced its planning for the development of the other financing services business which incurred higher staff expenses in the early stage. As aforementioned, the Group scaled back on real estate-backed loans, personal property pawn loans and other loans receivables since 2017, and the related loans receivables decreased, which incurred a large reversal of impairments in 2017.

Income of other financing services business

The following table shows the composition of income of the Group's other financing services business:

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Technical advisory services	**7,925**	–
Interest of real estate-backed loans	**–**	847
Interest of personal property pawn loans	**–**	302
Interest of other loans receivables	**–**	2,378
Total	**7,925**	3,527

The following table sets forth the distribution of trade and loans receivables of the Group's other financing services business by five categories of classification:

	31 December 2018		31 December 2017	
	Gross balance	**Impairment provision**	Gross balance	Impairment provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**8,400**	**–**	–	–
Special mention	**–**	**–**	–	–
Substandard	**–**	**–**	–	–
Doubtful	**–**	**–**	–	–
Loss	**4,216**	**4,216**	4,551	4,551
	12,616	**4,216**	4,551	4,551

Key operating data of the Group

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
Net trade and loan receivables	**614,236**	410,360
– Net loan balance	**605,836**	410,360
Gross trade and loans receivable balance	**643,870**	426,204
– Gross loan balance	**635,470**	426,204
– Hong Kong	**–**	–
– Mainland China	**635,470**	426,204
Total return on loans (revenue/average gross loan balance)		
– Hong Kong	**–**	10.89%
– Mainland China	**12.05%**	9.49%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**4.66%**	3.72%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**7.39%**	3.17%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**63.07%**	117.43%

As at 31 December 2018, the Group's net loan balance and gross loan balance increased by approximately RMB195,476,000 (47.6%) and approximately RMB209,266,000 (49.1%) respectively as compared with those as at 31 December 2017. Such decrease was primarily due to: (1) an increase in doubtful loans receivables as affected by the overall economic environment; and (2) the growth in the financial leasing business, resulting in a corresponding increase in net loan receivables and gross loan receivables at the end of the year.

Compared with 2017, the allowance to loans ratio and non-performing loan ratio increased for the year, which was mainly attributable to the increase in default rates in upstream and downstream of the supply chain and overdue of certain customers of commercial factoring business arising from tightening domestic funds. The allowance coverage ratio decreased when compared with 2017, which was mainly due to the addition of more substandard and doubtful loans in 2018 while that of 2017 were mostly in the loss category, thus the ratio of provision had decreased.

Loan quality analysis and impairment allowances

During the year, net amount for the provision for impairment loss on trade and loans receivables was RMB14,202,000 (2017: reversal of impairment loss on trade and loans receivables of approximately RMB12,414,000). This included charges for impairment allowance on trade and loans receivable of approximately RMB16,088,000 (2017: RMB2,661,000) and the reversal of impairment loss of approximately RMB1,886,000 (2017: RMB15,075,000). In addition, under the impact of the application of HKFRS 9, the reversal of impairment loss on trade and loans receivables at the beginning of the period amounted to RMB397,000.

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
At beginning of period	**15,844**	28,728
Impact of HKFRS 9	**(397)**	–
Impairment allowances recognised	**16,088**	2,661
Impairment loss reversed	**(1,886)**	(15,075)
Impairment loss write-off	**(15)**	(245)
Exchange difference	**–**	(225)
At end of the period	**29,634**	15,844

Other gains

The following table shows the composition of the Group's other gains:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
Exchange gain	**3,816**	11,747
Investment income	**–**	1,578
	3,816	13,325

The Group had significant United States dollars ("USD") bank deposit during 2018 and 2017 and recorded significant exchange gain in 2017 as USD appreciated significantly in 2017. The exchange gain in 2018 decreased mainly because the USD exchange rate remained relatively stable in 2018.

PROSPECTS

In 2018, the economic environment at home and abroad had undergone great changes, with increasing uncertainty of the overall economic operation and weakening development momentum. In terms of real economy, both large corporations with greater capabilities and a history of stable operation and small and medium-sized enterprises (SMEs) which normally have more limitations in development faced various levels of development, and even survival, issues in 2018. Overall, corporate financing needs in production and investment reduced. As for the financial sector, although the tightening effect of financial regulatory policies still prevailed, the license-based and compliance-based businesses of internet financial institutions had greater room for growth leveraging its compliance advantages and market reshuffle opportunities. In 2018, SMEs still faced acute financing difficulties, the main reason of which was the lack of risk control measures. In view of this, in 2019, in addition to continuing to deepen the development of the credit and risk control model based on the data analysis of the retail industry chain, the Group will actively explore the opportunities for financing services in other industries and boost the momentum of sustainable development leveraging its own technology and knowledge accumulated over the years.

Facing the current fierce competitive environment, the Group will continue to adhere to its strategic main-line of focusing on technology finance, closely integrate the advantages of GOME's abundant scene resources, and upgrade the risk control service system based on big data and artificial intelligence. The Group will also strive to improve its operational stability, enrich its system of products, build up a comprehensive financial technology service platform driven by science and technology, expand cooperation with external licensed financial institutions and focus on delivering financial technology capabilities. Meanwhile, the Group will also strengthen its business monitoring and risk management, adjust the pace of business development according to the external environment, strengthen the incubation, mergers and acquisitions of new businesses and improve its corporate governance structure, so as to promote the sustained and healthy development of the Group, and to create greater value for all shareholders.

The Group plans to enter the prepaid card business and the third party internet payment services in China through acquisition, details of which are set out in the circular of the Company dated 29 June 2017. The acquisition was still pending completion as at the date of this announcement.

In addition to the continued dedication in its existing businesses, the Group plans to further expand its coverage in the financial technology business in the "retail + finance" field, in order to achieve continuous income growth. The initial scheme is to enter the "extended warranty intermediary service" business of the "after-sale services" sector through utilising resources such as existing technology systems, information resources, risk management techniques and talent reserves. Currently, extended warranty service is mainly applied for home appliances and automobiles in mainland China as a maturing after-sales service product.

The Group plans to perform scientific risk-based pricing on the "extended warranty service", and through a model of reinsuring the risks with insurance companies, build up complete industry chain of sales, pricing, reinsurance and after-sales service platform referral so as to provide convenient, prompt and competitive platform intermediary service to end customers. The extended warranty service business will aim to realize income sources from areas such as risk spread, platform commission income and sharing of financial business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound with strong equity and working capital bases. As at 31 December 2018, the Group's total equity amounted to approximately RMB1,757,647,000, representing a slight increase of 2.2% as compared with that as at 31 December 2017. As at 31 December 2018, the Group's cash and cash equivalents totaled approximately RMB318,521,000 representing a decrease as compared to 2017 (2017: RMB708,401,000), such decrease was mainly the result of the operating cash outflow in 2018. During the year, the Group incurred cash outflow from its operating activities of approximately RMB243,490,000 (2017: RMB168,494,000).

Compared with 2017, trade and loans receivables increased by RMB203,876,000 as a result of an increase in substandard and doubtful trade and loans receivables, which resulted in an operating cash outflow.

The Group's current ratio as at 31 December 2018 was 3.10 (2017: 3.01). The Group's gearing ratio, expressed as percentage of total liabilities except tax payable over the Group's total equity was 46.5% (as at 31 December 2017: 49.6%).

The Group has issued an 8-year corporate bond with total principal amount of HK$35 million, which is due in 2022 and 2023 and carries interest at fixed rate of 7.0% per annum with interest payable in arrears. The corporate bond is unsecured and will be repaid at par upon maturity.

The Group had no particular seasonal pattern of borrowing. As at 31 December 2018, the Group's borrowings (including current borrowings (which are due within one year) and non-current borrowings (which are due after one year)) amounted to approximately RMB802,364,000 (2017: RMB802,635,000). The Group's current borrowings of approximately RMB774,000,000 were made at floating interest rates. The weighted average effective interest rates on secured current borrowings for the year were 4.785% to 5.22% per annum.

As at 31 December 2018, the Group's borrowings were denominated in RMB and HKD, amounting to approximately RMB774,000,000 and approximately HKD32,372,000 (equivalent to approximately RMB28,364,000), respectively.

Taking the above figures into account, together with the available bank balances and cash, the management is confident that the Group will have adequate resources to settle its loans and finance its daily operational and capital expenditures.

CAPITAL STRUCTURE

During the year, there was no change in the issued capital of the Company and the Company's number of issued ordinary shares remained at 2,701,123,120 as at 31 December 2018 and 2017.

GROUP STRUCTURE

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2018.

On 7 June 2017, Xinda Factoring, an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Beijing Bosheng Huifeng Business Consulting Co., Limited ("Bosheng Huifeng"), a company incorporated in the PRC with limited liability and is owned as to 90% by Ms. Du Juan (controlling shareholder of the Company) and 10% by Mr. Ding Donghua ("Mr. Ding") (an executive director of the Company), pursuant to which Xinda Factoring agreed to provide a non-interest bearing loan for an amount of RMB720 million to Bosheng Huifeng solely for the purpose of acquiring the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited (the "Acquisition"). On the same day, Bosheng Huifeng and certain independent third parties (the "Sellers") entered into a framework agreement, pursuant to which Bosheng Huifeng and the Sellers agreed, among others, to enter into a conditional sale and purchase agreement for the Acquisition and upon its completion, a series of contractual arrangement will be entered into such that Xinda Factoring will have effective control over Baosheng Huifeng so as to obtain the economic interests and benefits from its business activities. Tianjin Guanchuang Mei Tong Electronic Commerce Limited and its subsidiaries principally engage in the prepaid card business, third party internet payment services and related technology development and technical advisory services in the PRC. Further details are set out in the circular of the Company dated 29 June 2017.

The Acquisition had not yet been completed up to the date of this announcement and the management is currently communicating with the relevant authorities to speed up the Acquisition.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Group's bank deposits in the amount of approximately RMB889,470,000 (2017: RMB831,464,000) were pledged to secure banking facilities of the Group. The Group did not have any material contingent liabilities as at 31 December 2018 and 2017.

COMMITMENTS

As at 31 December 2018, the Group had loans commitment in the amount of RMB144,000,000 (2017: RMB144,000,000), which are contracted but not provided for. As at 31 December 2018, the Group had rental payment under non-cancellable leases amounted to approximately RMB8,191,000 (2017: RMB8,487,000).

TREASURY POLICIES

The Group continued to adopt a conservative treasury policy, with all bank deposits in HKD, RMB, and USD. The Board and management had been closely monitoring the Group's liquidity position, performing ongoing credit evaluations, and monitoring the financial conditions of its customers, in order to ensure the Group's healthy cash position. The Group has not adopted any hedging policy or entered into any derivative products. However, the Board and the management will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

EMPLOYEES AND EMOLUMENT POLICY

The Group had 107 employees in total as at 31 December 2018 (2017: 76). The Group pays for social insurance for its PRC employees in accordance with the applicable laws in the PRC. The Group also maintains insurance coverage and contributes to mandatory provident fund schemes for its employees in Hong Kong in accordance with the applicable laws in Hong Kong. The overall aim of the Group's employee and remuneration policy is to retain and motivate staff members to contribute to the continuing success of the Group.

Additionally, the Group adopted a share option scheme as a long term incentive to Directors and eligible employees. The emolument policy for the Group's Directors and senior management was established and reviewed by the Company's Remuneration Committee, and gives consideration to the Group's performance, individual performance and comparable market conditions.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

The below table sets out the proposed application of net proceeds from the subscription of new shares on 5 September 2016, and usage up to 31 December 2018:

	Proposed application of net proceeds	**Actual usage up to 31 December 2018**
	HKD million	*HKD million*
Provision of commercial factoring services	700.0	700.0
Provision of financial leasing services	350.0	350.0
Development and promotion of third party payment service business	380.0	380.0
General working capital	144.5	38.3
	1,574.5	1,468.3

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2018, the Company had complied with all code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the deviation disclosed below.

Code provisions A.2.1 and A.2.7

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual and according to code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors without the other directors present.

Mr. Liu Xiaopeng ("Mr. Liu") was appointed as chief executive officer (the "CEO") and as executive director on 7 April and 26 August 2017, respectively. After his appointment as executive director, Mr. Liu had assumed the duties of the chairman of the Company. Mr. Liu resigned as CEO and executive director on 30 August 2018 and Ms. Chen Wei, an executive Director, had performed the duties of the chairman and the chief executive of the Company after resignation of Mr. Liu as an interim arrangement without formal appointment of a new chairman and CEO. The Board considered that while vesting the roles of the chairman and CEO in the same person can facilitate the execution of the Group's business strategies and maximize effectiveness of its operation, the Board nevertheless reviews the structure of the Board from time to time and is considering suitable candidate to be appointed as the chairman and CEO of the Company such that the Company can comply with code provision A.2.1 of the CG Code. Although the Company did not have a chairman since Mr. Chung Tat Fun stepped down as chairman of the Board in April 2017 and therefore could not strictly comply with code provision A.2.7 of the CG Code during the year, the independent non-executive Directors had effective access to Ms. Chen Wei and other senior management of the Company at all material times to discuss any potential concerns or questions and follow-up meeting(s) could be arranged, if necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2018.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management. The Audit Committee comprises three independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Zhang Liqing and Mr. Li Liangwen.

The Audit Committee has reviewed the audited consolidated financial results of the Company for the year ended 31 December 2018, before proposing them to the Board for approval.

RETIREMENT OF DIRECTORS

The Board announces that each of Mr. Ding Donghua ("Mr. Ding") and Mr. Li Liangwen ("Mr. Li") will retire as an executive Director and an independent non-executive Director, respectively and will not offer himself for re-election at the forthcoming annual general meeting (the "AGM") of the Company. Mr. Ding will continue to serve the Group in his capacity as director of certain subsidiaries of the Company after his retirement as an executive director of the Company at the AGM. Mr. Ding has decided not to offer himself for re-election as executive director since he would like to concentrate on the daily business operations of the Group at the subsidiary level. Mr. Li will not offer himself for re-election at the AGM in order to devote more time to his other business development.

Following their respective retirement as Directors at the conclusion of the AGM, (i) Mr. Ding will also cease to be a member of the Nomination Committee of the Company; and (ii) Mr. Li will also cease to be the chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Strategy Committee of the Company.

Each of Mr. Ding and Mr. Li has confirmed that he has no disagreement with the Board and that he is not aware of any matter in relation to his retirement as director of the Company that needs to be brought to the attention of the Shareholders.

Further announcement(s) will be made by the Company in relation to the composition of the Board committees after the Company has finalized the new Board committee appointments to be made to fill the vacancies left by Mr. Ding and Mr. Li as and when appropriate under the Listing Rules.

CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVES

The Board hereby announces that with effect from 29 May 2019, Mr. Szeto King Pui, Albert ("Mr. Szeto") has resigned as (i) the company secretary of the Company (the "Company Secretary"), (ii) one of the authorised representatives of the Company (the "Authorised Representative(s)") as required under Rule 3.05 of the Listing Rules and (iii) the process agent of the Company for accepting on the Company's behalf service of process or notices (the "Process Agent") required to be served on the Company in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). Mr. Ding has also resigned as an Authorised Representative with effect from 29 March 2019. Both Mr. Ding and Mr. Szeto has confirmed to the Board that they have no disagreement with the Board and there are no matters relating to their respective resignation that need to be brought to the attention of the Stock Exchange and the shareholders of the Company.

The Board is pleased to announce that Ms. Suen Yu May Sammi ("Ms. Suen") has been appointed as the Company Secretary, an Authorised Representative pursuant to Rule 3.05 of the Listing Rules and the Process Agent for the purpose of the Companies Ordinance with effect from 29 March 2019 to fill the vacancy.

Ms. Suen joined the Group in February 2019 as the Financial Controller of the Group. Ms. Suen is responsible for the general financial planning and management and the treasury functions, Ms. Suen has over 17 years of experience in audit, finance, accounting management and company secretarial matters through her previous financial positions with several international accounting firms and listed companies in Hong Kong. Ms. Suen obtained her Bachelor of Business Administration degree in Accounting from The Hong Kong University of Science and Technology. She is also Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

The Board is also pleased to announce that Ms. Chen Wei has been appointed as an Authorised Representative pursuant to the Rule 3.05 of the Listing Rules with effect from 29 March 2019.

The Board wishes to express its sincere gratitude to Mr. Ding and Mr. Szeto for their contributions to the Company during their tenure of office and welcome Ms. Suen and Ms. Chen Wei for their new appointments.

ANNUAL GENERAL MEETING

A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules and the Bye-laws of the Company in due course.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the HKEx (www.hkexnews.hk) and the Company (www.gomejr.com). The Company's annual report for the year ended 31 December 2018 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company and available on the above websites in due course.

By Order of the Board
Gome Finance Technology Co., Ltd.
Chen Wei
Executive Director

Beijing, 29 March 2019

As at the date of this announcement, the Company's executive Directors are Ms. Chen Wei, Mr. Ding Donghua and Mr. Chung Tat Fun; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Zhang Liqing, Mr. Li Liangwen, Mr. Hung Ka Hai Clement and Mr. Wan Jianhua.