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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Gome Finance Technology Co., Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2019 together with the comparative figures. The condensed consolidated interim results are unaudited, but have been reviewed by the Company's audit committee (the "Audit Committee").

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June **2019** *RMB'000* **(Unaudited)**	2018 *RMB'000* (Unaudited)
Revenue	4	**24,908**	26,805
Other income and gains	4	**15,240**	19,725
Administrative expenses		**(30,943)**	(27,663)
Impairment loss on trade and loans receivables		**(10,295)**	(5,478)
Finance costs	6	**(20,670)**	(17,528)
Gains on financial assets at fair value through profit or loss		**3,385**	6,158
(Loss)/profit before tax	5	**(18,375)**	2,019
Income tax	7	**1,248**	1,911
(Loss)/profit for the period		**(17,127)**	3,930
Attributable to:			
Owners of the Company		**(17,127)**	3,930
(Losses)/earnings per share attributable to ordinary equity holders of the Company	8		
Basic and diluted			
For (loss)/profit for the period		**RMB(0.63) cents**	RMB0.15 cents
(Loss)/profit for the period		**(17,127)**	3,930
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of overseas operations		**(1,766)**	1,892
Other comprehensive income for the period, net of tax		**(1,766)**	1,892
Total comprehensive income for the period		**(18,893)**	5,822
Attributable to:			
Owners of the Company		**(18,893)**	5,822

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Non-current assets			
Trade and loans receivables	9	**71,718**	106,752
Right-of-use assets	2	**5,068**	–
Property, plant and equipment		**873**	1,257
Other intangible assets		**10,050**	12,600
Deferred tax assets		**5,837**	4,219
Total non-current assets		**93,546**	124,828
Current assets			
Trade and loans receivables	9	**514,519**	507,484
Prepayments, deposits and other receivables		**617,643**	606,804
Financial assets at fair value through profit or loss		**69,630**	131,719
Pledged deposits for bank loans		**890,962**	889,470
Cash and cash equivalents		**375,848**	318,521
Total current assets		**2,468,602**	2,453,998

	Notes	**30 June 2019** *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Current liabilities			
Trade payables	10	**2,459**	2,690
Other payables and accruals		**9,751**	12,930
Tax payables		**3,570**	3,195
Interest-bearing bank and other borrowings		**774,000**	774,000
Total current liabilities		**789,780**	792,815
Net current assets		**1,678,822**	1,661,183
Total assets less current liabilities		**1,772,368**	1,786,011
Non-current liabilities			
Bonds issued		**28,715**	28,364
Lease liabilities	2	**4,899**	–
Total non-current liabilities		**33,614**	28,364
Net assets		**1,738,754**	1,757,647
Equity			
Equity attributable to owners of the Company			
Share capital		**230,159**	230,159
Reserves		**1,508,595**	1,527,488
Total equity		**1,738,754**	1,757,647

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1 BASIS OF PREPARATION

Corporate information

Gome Finance Technology Co., Ltd. (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 with limited liability.

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

Compliance with Hong Kong Financial Reporting Standards ("HKFRSs")

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"), and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on HKEx, and should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

Except as described below, the principal accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted the Group's annual financial statements for the year ended 31 December 2018.

Use of estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions. The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as at 1 January 2019.

2 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.

HKFRS 16	*Leases*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015 – 2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

HKFRS 16 – Leases

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 account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a leasee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *RMB'000* (Unaudited)
Assets	
Increase in right-of-use assets	5,948
Decrease in prepayments, deposits and other receivables	(291)
Increase in total assets	5,657
Liabilities	
Increase in interest-bearing bank and other borrowings	5,657
Increase in total liabilities	5,657

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	8,191
Weighted average incremental borrowing rate as at 1 January 2019	4.858%
Discounted operating lease commitments as at 1 January 2019	7,309
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	1,652
Lease liabilities as at 1 January 2019	5,657

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank and other borrowings'), and the movement during the period are as follow:

	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*
As at 1 January 2019	5,948	5,657
Depreciation charge	(880)	–
Interest expense	–	132
Payments	–	(890)
As at 30 June 2019	5,068	4,899

The Group recognised rental expenses from short-term leases of RMB1,166,000 for the six months ended 30 June 2019.

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.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

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

The Group is in the process of assessing the impact of these new standards and amendments on the consolidated and separate financial statements of the Group and the Company respectively.

3 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. 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/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, investment income, finance costs of bonds issued, exchange gain 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 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.

There are no intersegment sales or transfers among the segments.

	For the six months ended 30 June 2019 (Unaudited)			
	Commercial factoring services *RMB'000*	**Finance lease services** *RMB'000*	**Other financing services** *RMB'000*	**Total** *RMB'000*
Segment revenue:				
Revenue from external customers	**17,823**	**7,085**	**–**	**24,908**
Segment results	**(1,462)**	**(2,026)**	**(16,390)**	**(19,878)**
Reconciliation:				
Bank interest income				**17,002**
Finance costs				**(8,895)**
Exchange loss				**(2,199)**
Unallocated expenses				**(4,405)**
Loss before taxation				**(18,375)**
Taxation				**1,248**
Loss for the period				**(17,127)**

	At 30 June 2019 (Unaudited)			
	Commercial factoring services	**Finance lease services**	**Other financing services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets	**1,101,898**	**415,099**	**19,435**	**1,536,432**
Reconciliation:				
Unallocated assets				**1,025,716**
Total assets				**2,562,148**
Segment liabilities	**776,595**	**5,653**	**9,443**	**791,691**
Reconciliation:				
Unallocated liabilities				**31,703**
Total liabilities				**823,394**

	For the six months ended 30 June 2019 (Unaudited)				
	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	**1,379**	**702**	**1,676**	**–**	**3,757**
Provision for impairment loss on trade and loans receivables	**7,144**	**3,151**	**–**	**–**	**10,295**
Additions to non-current assets*	**–**	**–**	**–**	**–**	**–**

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

	For the six months ended 30 June 2018 (Unaudited)			
	Commercial factoring services	Finance lease services	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Revenue from external customers	20,114	6,691	–	26,805
Segment results *(Note)*	3,131	(7,819)	(2,804)	(7,492)
Reconciliation:				
Bank interest income				15,504
Finance costs				(7,307)
Exchange gain				4,196
Unallocated expenses				(2,882)
Profit before taxation				2,019
Taxation				1,911
Profit for the period				3,930

	At 31 December 2018 (Unaudited)			
	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
<u>*Reconciliation:*</u>				
Unallocated assets				988,332
Total assets				2,578,826
Segment liabilities	778,144	6,739	6,458	791,341
<u>*Reconciliation:*</u>				
Unallocated liabilities				29,838
Total liabilities				821,179

Note: Under HKFRS 9, certain debt instruments are classified as fair value through profit or loss based on their business model. Interest income on financial assets mandatorily required to be measured at FVPL is recognised in gains on financial assets at fair value through profit or loss. For the six months ended 30 June 2018, gains on financial assets at fair value through profit or loss of approximately RMB6,295,000 was included in the result of commercial factoring segment.

	For the six months ended 30 June 2018 (Unaudited)				
	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	990	603	1,383	–	2,976
Provision for/(reversal of) impairment loss on trade and loans receivables	1,173	4,436	(131)	–	5,478
Additions to non-current assets*	2	–	15	–	17

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

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong	**–**	–
Mainland China	**24,908**	26,805
	24,908	26,805

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

4 REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Interest income		
– Commercial factoring loans	**17,823**	18,292
– Finance lease receivables	**7,085**	6,691
	24,908	24,983
Management fee income	**–**	1,822
	24,908	26,805
Other income		
Bank interest income	**17,002**	15,504
Others	**437**	25
	17,439	15,529
Other (loss)/gain		
Exchange (loss)/gain	**(2,199)**	4,196
	15,240	19,725

5 LOSS/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**16,235**	10,633
Retirement benefit scheme contributions	**1,871**	1,015
	18,106	11,648
Amortisation of intangible assets	**2,550**	2,552
Minimum lease payments under operating leases	**1,166**	2,422
Depreciation of property, plant and equipment	**327**	424
Depreciation of right-of-use assets	**880**	–
Auditor's remuneration	**49**	413
Sales and marketing fee	**4**	2,683

6 FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank and other borrowings	**19,254**	16,336
Bonds issued	**1,284**	1,192
Lease liabilities	**132**	–
	20,670	17,528

7 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 six months ended 30 June 2019 and 2018. Mainland China income tax has been provided at the rate of 25% for the six months ended 30 June 2019 and 2018 on the estimated assessable profits arising in Mainland China during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdiction) in which the Group operates.

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Mainland China	**366**	193
Total current tax	**366**	193
Deferred tax	**(1,614)**	(2,104)
Total tax credit for the period	**(1,248)**	(1,911)

8 LOSSES/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 for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,701,123,120 (2018: 2,701,123,120) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2019 and 2018 in respect of dilution as the Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2019 and 2018. The basic earnings per share equals to the diluted earnings per share.

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Losses)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**(17,127)**	3,930

	For the six months ended 30 June	
	2019	2018
	'000	*'000*
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period 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

9 TRADE AND LOANS RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade and loans receivables		
Commercial factoring loans *(Note (a))*	**524,490**	500,061
Finance lease receivables *(Note (b))*	**97,460**	131,193
Personal property pawn loans *(Note (c))*	**4,216**	4,216
Other trade receivables *(Note (d))*	**–**	8,400
	626,166	643,870
Impairment	**(39,929)**	(29,634)
	586,237	614,236
Carrying amount analysed for reporting purpose:		
Current assets	**514,519**	507,484
Non-current assets	**71,718**	106,752
	586,237	614,236

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) 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) Finance lease receivable arising from the Group's financial 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 60 days to 1,095 days.

(c) 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, customers are obligated to settle the amounts according to the terms set out in the relevant contracts.

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**412,279**	226,833
3-6 months	**2,772**	1,826
6-12 months	**183,513**	355,918
Over 12 months	**27,602**	59,293
	626,166	643,870
Impairment	**(39,929)**	(29,634)
	586,237	614,236

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

	For the six months ended 30 June 2019 (Unaudited)			
	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**
As at 1 January 2019	**1,560**	**1,348**	**26,726**	**29,634**
Transfer to Stage 1	**44**	**(44)**	**–**	**–**
Transfer to Stage 2	**(323)**	**606**	**(283)**	**–**
Transfer to Stage 3	**(18)**	**(267)**	**285**	**–**
Charge for the period	**928**	**2**	**8,543**	**9,473**
Release for the period	**(460)**	**(444)**	**(505)**	**(1,409)**
Stage transfer	**(30)**	**501**	**1,760**	**2,231**
Write-offs	**–**	**–**	**–**	**–**
As at 30 June 2019	**1,701**	**1,702**	**36,526**	**39,929**

	For the six months ended 30 June 2018 (Unaudited)			
	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
As at 1 January 2018	1,823	144	13,480	15,447
Transfer to Stage 1	36	(36)	–	–
Transfer to Stage 2	(212)	212	–	–
Transfer to Stage 3	(25)	(17)	42	–
Charge for the period	2,827	797	1,762	5,386
Release for the period	(1,020)	(44)	(332)	(1,396)
Stage transfer	(25)	157	1,356	1,488
Write-offs	–	–	(15)	(15)
As at 30 June 2018	3,404	1,213	16,293	20,910

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 only a portion of the receivables is expected to be recovered.

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

10 TRADE PAYABLES

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

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Within 1 month	**2,013**	2,244
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**446**	446
	2,459	2,690

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.

11 DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

12 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2019 and 31 December 2018.

13 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.

The Group had total future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 *RMB'000* (Audited)
Within one year, inclusive	**2,060**	3,402
In the second to fifth years, inclusive	**–**	4,487
After five years	**–**	302
	2,060	8,191

The group is the lessee in respect of a number of properties which were previously classified as operating leases under HKAS 17. The group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

14 COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2019 *RMB'000* (Unaudited)	31 December 2018 *RMB'000* (Audited)
Contracted, but not provided for:		
Loan commitment	**144,000**	144,000

15 TRANSFERRED FINANCIAL ASSETS

In its ordinary and usual course of business, the Group entered into an agreement on transfer of creditor's rights (the "Agreement") and transferred certain loans receivables recorded in financial assets at fair value through profit or loss to a factoring company. The Group assesses whether to derecognise relevant assets or not based on the extent of risks and rewards retained. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets. During the six months ended 30 June 2019, no financial asset at fair value through profit or loss had been derecogonised by the Group (for the six months ended 30 June 2018: RMB749,057,000)

16 EVENT AFTER THE REPORTING PERIOD

There were no significant events affecting the Group after the reporting period up to 28 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Company and its subsidiaries have been committed to the vision of 'promoting the development of technology with innovation, driving for financial reforms with technology'(「創新推動科技發展、科技驅動金融變革」) and the objective of establishing a market-leading integrated financial technology services group. Despite the pressure from the slow down of China's economy, the Group maintained its market share with high quality products and services and targeted for healthy development and better operating results in the future.

For the six months ended 30 June 2019 (the "Interim Period"), the Group recorded an operating revenue of approximately RMB24.9 million, remaining stable as compared to RMB26.8 million for the six months ended 30 June 2018 (the "Corresponding Period"). The Group recorded a loss for the period of approximately RMB17.1 million (2018: profit for the period of RMB3.9 million) as a result of the combined effects of increase in staff costs, increase in provision of loan receivables and exchange loss resulted from the devaluation of USD.

During the Interim Period, despite the provision for impairment on loan receivables, both of the commercial factoring business and the financial leasing business recorded operating profit. The financial leasing business recorded an increment in revenue and successfully reduced segment loss to RMB2.0 million. Meanwhile, the commercial factoring business was affected by the external macro environment and recorded a loss of RMB1.4 million for the Interim Period, which was mainly contributed by the provision for impairment on loan receivables of RMB7.1 million.

Since mid-2018, the Group has proactively expanded its business scope in the area of fintech services, which resulted in an increase in head count and staff costs. By strengthening product and technology innovation on the foundation of the Group's existing businesses and exploring new point of profit growth, the management believes that the Group will be able to realise favorable growth and achieve better performance in its operating results in the future.

INDUSTRY ENVIRONMENT

In the first half of 2019, the growth of the world's major economies has continuously slowed down. After a decade of economic expansion, the diminishing effect of tax cuts in western countries, such as those in Europe and the US, and the simultaneous fluctuations between cycles of inventory, productivity and the real estate have created a number of negative impacts on global economic growth. Since the beginning of 2018, trade protectionism has once again emerged on the global stage whereas Sino-US trade tension further escalated with an expanded scope of dispute, thus further adding to the uncertainties of both the global economy and the PRC economy in the future. Meanwhile, due to weakened international demand, the central banks in major economies including Europe and the US have been signalling their intention to implement economic easing policies while Asian countries and Australia have embarked on an interest rate reduction cycle, possibly leading to a new monetary easing era around the world.

Domestically, the year-on-year gross domestic product (GDP) growth in the PRC increased 6.3% in the first half of 2019, representing the slowest economic growth in 27 years. The continuous decrease in GDP growth indicated that the economic slowdown is continuing, which lasted the largest since the reform and opening up. High leverage caused by large-scale investment and financing activities in the market in the early stage and the tightening regulatory pressure produced crowding out effect and accelerated the outbreak of a series of defaults in the market. In addition, since the period of rapid growth driven by traditional sectors such as infrastructure and real estate has come to an end and the new driving forces are still taking shape, the domestic economy has been facing growing internal and external pressures in terms of market vitality, finance and foreign trade and quantitative growth has reached a bottleneck. Nevertheless, it is undeniable that the PRC still remains as one of the largest markets in the world with an extensive consumer base, an affluent labor force, strong force of market self-regulation and restoration as well as excellent resilience. Therefore, there is still ample room for economic development.

During the Interim Period, as affected by the macro environment, a number of credit events such as default and bankruptcy have been witnessed in the Internet-finance industry in the PRC and many companies have exited the market. However, guided by the sound and consecutive policies issued by the regulatory authorities, the industry is still exhibiting a growing trend in general. Moreover, resources and competitive strengths have been focusing on large, compliance-oriented and technology-based organisations, demonstrating the "Matthew Effect". Looking ahead, the business competitive landscape will be clearer. Under the crowding-out effect, the remaining companies will be carving up greater market shares. The focus of market competition is expected to shift from "a battle of guts" in the industry's start-up phase to "a contest of quality", which will bring more development opportunities to large-scale financial technology companies.

BUSINESS REVIEW

During the Interim Period, the Company actively explored high-quality customers in the upstream and downstream of the industry chain leveraging on the resources and industry advantages of the Gome Group. Against a backdrop of ever-increasing pressure from the external macro-environment, Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), a wholly-owned subsidiary of the Company, further raised the access threshold for customers based on its risk control policies and prudently provided prompt and convenient supply chain financial services to quality customers. Although the Company proactively improved the quality of customers and loans, the slowdown of the PRC domestic economy still affected certain existing customers. Considering the uncertainties of the economy, the management was more cautious in both operational and financial aspects, especially on impairment provision of loan receivables. The Company also actively maintained communication with certain customers who had overdue payments due to the external business environment and adopted various measures to collect overdue loans, and the results of which were satisfactory.

During the Interim Period, the average gross loan balance of the commercial factoring business amounted to RMB588.0 million (2018: RMB602.6 million), representing a slight decrease as compared with the Corresponding Period. Dragged by the provision for impairment on loan receivables, the commercial factoring business recorded a segment loss for the first time of RMB1.5 million (2018: profit of RMB3.1 million).

Developing from industry chain of the GOME Group to other related customer bases, Tianjin Gome Financial Leasing Company Limited, a wholly-owned subsidiary of the Company, focused on the expansion of its retail financial leasing business and maintained its business growth momentum during the Interim Period. During the Interim Period, average gross loan balance of the financial leasing business decreased to RMB107.7 million (2018: RMB142.3 million). Despite the pressure from the external business environment, the interest income had increased to RMB7.1 million (2018: RMB6.7 million) and segment loss was still successfully reduced to RMB2.0 million (2018: RMB7.8 million).

FINANCIAL REVIEW

Results highlights

During the Interim Period, the Group recorded operating revenue of RMB24.9 million, representing a slight decrease of approximately 7%, i.e. RMB1.9 million, as compared with the Corresponding Period. In response to the slow down of the domestic economy and tight market liquidity during the Interim Period, the number of loan disbursements and average balance of outstanding loans of the commercial factoring business were both decreased to mitigate risks, and thus, related revenue from interest was affected.

The Group also recorded an increase in administrative expenses for the Interim Period which was mainly contributed by the increase in staff costs. The Group commenced its planning for the development of the other financing services business in the second half of 2018, which incurred additional staff expenses of RMB5.8 million. In addition, the slow down of the domestic economy also affected recoverability of certain loan receivables and the Group recorded provision for impairment loss on loan receivables amounted to RMB10.3 million in the Interim Period, representing an increase of RMB4.8 million as compared with the Corresponding Period.

During the Interim Period, as USD depreciated against HKD and RMB, the Group recorded an exchange loss of approximately RMB2.2 million as compared with an exchange gain of approximately RMB4.2 million for the Corresponding Period.

As a result of the above, during the Interim Period, a loss attributable to owners of the Company of approximately RMB17.1 million was recorded (2018: profit of RMB3.9 million) and the board of directors of the Company did not recommend the payment of an interim dividend for the Interim Period.

Commercial factoring business

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

	For the six months ended 30 June 2019 *RMB'000* **(Unaudited)**	For the six months ended 30 June 2018 *RMB'000* (Unaudited)
Revenue	**17,823**	20,114
Effect of applying the new standard in relation to financial instruments	**–**	6,295
Operating expenses	**(12,141)**	(22,105)
Operating gain	**5,682**	4,304
Provision for impairment on loans receivables	**(7,144)**	(1,173)
Segment results	**(1,462)**	3,131

The revenue from the commercial factoring business during the Interim Period decreased by RMB2.3 million as compared to that in the Corresponding Period mainly due to the aforementioned reasons relating to the overall economic environment. The slow down in the domestic economy not only resulted in reduced number of loan disbursements and decreased average balance of outstanding loans, it also affected the recoverability of certain loan receivables. During the Interim Period, the provision for impairment loss on loan receivables for the commercial factoring business increased to RMB7.1 million (2018: RMB1.2 million).

Under the strong operating pressure during the Interim Period, the Group successfully reduced its operating expenses by RMB10.0 million mainly through reduction in staff cost, and maintained its operating gain before impairment provision. However, due to the increase in impairment provision, the commercial factoring business recorded a loss of RMB1.5 million (2018: profit of RMB3.1 million).

For the Corresponding Period, the Group applied new standard on financial instruments that some loan receivables were classified as measured at fair value based on their contractual cash flow characteristics, and interest income of RMB6.3 million from financial assets measured at fair value was correspondingly recognised as gains in financial assets at fair value through profit or loss. No such kind of financial assets or interest income incurred in commercial factoring business during the Interim Period.

The following table sets forth the distribution of loans receivables of the Group's commercial factoring business in five loan categories.

	As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	Gross balance	**Impairment provision**	Gross balance	Impairment provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**336,451**	**921**	239,698	93
Special mention	**164,075**	**2,461**	234,794	2,677
Substandard	**14,002**	**4,201**	20,464	2,526
Doubtful	**–**	**–**	–	–
Loss	**9,962**	**9,962**	5,105	5,105
	524,490	**17,545**	500,061	10,401

Percentage of impairment provision to special mention and substandard loans both increased compared to 31 December 2018 as the management was more cautions considering the uncertainties of the global economy and the PRC economy. As a result, additional provision for impairment loss on loan receivables of RMB7.1 million was recorded during the Interim Period.

In addition to making provisions for the relevant amounts based on the "expected credit loss model", the management and risk management department of the Group closely monitored the substandard and doubtful loans, including by regular communication with borrowers and setting up of repayment schedules. Compared with 31 December 2018, net balance of substandard and doubtful loans decreased from RMB17.9 million to RMB9.8 million.

Financial leasing business

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

	For the six months ended 30 June 2019 *RMB'000* **(Unaudited)**	For the six months ended 30 June 2018 *RMB'000* (Unaudited)
Revenue	**7,085**	6,691
Operating expenses	**(5,960)**	(10,074)
Operating gain/(loss)	**1,125**	(3,383)
Provision for of impairment on loans receivables	**(3,151)**	(4,436)
Segment results	**(2,026)**	(7,819)

The vehicle leaseback business "Mei Yi Che" ("美易車") and the mobile phone leaseback business "Guo Mei Zu Zu" ("國美租租") launched in the second half of 2017 became mature in 2018, with revenue generated from these businesses remaining stable during the Interim Period. Significant marketing expenses were incurred in 2018 when the business was newly launched. After the business became more mature, marketing expenses and also marketing staff cost dropped, thus operating expenses decreased by RMB4.1 million as compared with the Corresponding Period.

Financial leasing business recorded a loss of RMB2.0 million for the Interim Period (2018: RMB7.8 million). Such amount had significantly reduced as compared with the Corresponding Period as a result of the cost control.

The following table sets forth the distribution of loans receivables of the Group's financial leasing business in five loan categories.

	As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	Gross balance	**Impairment provision**	Gross balance	Impairment provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**75,201**	**1,751**	112,063	2,637
Special mention	**913**	**308**	1,930	739
Substandard	**1,646**	**910**	3,647	1,700
Doubtful	**2,882**	**1,941**	5,158	2,973
Loss	**16,818**	**13,258**	8,395	6,968
	97,460	**18,168**	131,193	15,017

Other financing services business

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

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	–
Operating expenses	**(16,390)**	(2,935)
Operating loss	**(16,390)**	(2,935)
Reversal of impairment on loans receivables	**–**	131
Segment results	**(16,390)**	(2,804)

As mentioned in the 2018 annual report, the Group scaled back on real estate-backed loans, personal property pawn loans and other loans services since 2017. Thus, no revenue was recorded for both the Interim Period and the Corresponding Period. As aforementioned, the Group commenced its planning for the development of the other financing services business in the second half of 2018, which incurred additional staff costs and resulted in increase in segment loss from RMB2.8 million to RMB16.4 million for the Interim Period.

The following table sets forth the distribution of loans receivables of the Group's other financing services business in five loan categories.

	As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
	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**	4,216	4,216
	4,216	**4,216**	12,616	4,216

Key operating data of the Group

	For the six months ended 30 June 2019 (Unaudited)	For the six months ended 31 December 2018 (Audited)
	RMB'000	*RMB'000*
Net trade and loan balance	**586,237**	614,236
– Net loan balance	**586,237**	605,836
Gross trade and loan balance	**626,166**	643,870
– Gross loan balance	**626,166**	635,470
Total return on loans (revenue/average gross loan balance)	**8.47%**	12.05%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**6.38%**	4.66%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**8.13%**	7.39%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**78.47%**	63.07%

As at the end of the Interim Period, the Group's gross loan receivables decreased to RMB626.2 million (2018: RMB643.9 million) because both the number and amount of new loan disbursements dropped during the Interim Period.

Although annual interest rate of the commercial factoring business, which generated over 70% revenue of the Group, maintained at around 12% for both the Interim Period and year 2018, increase in overdue and/or non-performing balances affected the total return on loans, which dropped to 8.47% for the Interim Period (2018: 12.05%).

As aforesaid, percentage of impairment provision to special mention, substandard and doubtful loans all increased compared with 31 December 2018. Thus, both allowance to loan ratio and allowance coverage ratio increased significantly. Taking into amount the uncertainties of the economy, the management was cautious and considered that it would be appropriate to maintain a higher level for these two ratios.

Loan quality analysis and impairment allowances

During the Interim Period, the Group recorded impairment loss on trade and loan receivables of RMB10.3 million (2018: RMB5.5 million).

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At 1 January	**29,634**	15,447
Impairment allowances recognised	**11,952**	6,942
Impairment loss reversed	**(1,657)**	(1,464)
Impairment loss write-off	**–**	(15)
At 30 June	**39,929**	20,910

Other balance sheet items

Due to the application of HKFRS 16 "Leases", the Group recognized the right-of-use assets as at 30 June 2019, which amounted to RMB5.1 million. For details please refer to Note 2 of the interim condensed consolidated financial statements. The Group has used the elective practical expedients when applying HKFRS 16 at 1 January 2019, thus, no such assets was recognized as at 31 December 2018.

The Group have been investing in certain principal guaranteed structured deposit products offered by a bank from time to time for the purpose of better utilizing the surplus cash of the Group arising in the ordinary and usual course of business. Such investments have been accounted for as "financial assets at fair value through profit or loss" in the Company's consolidated financial statements. During the Interim Period, the Group intended to maintain more cash on hand for operation, therefore, as at 30 June 2019, amount of these investments dropped to RMB69.6 million (31 December 2018: RMB131.7 million).

PROSPECTS

For the second half of 2019, international political environment and economy is expected to remain complex and chaotic; and the economic growth of the PRC will still be facing great downward pressure but the risks will be under control in general. Based on the ongoing impact of tax cuts and ever-increasing policy support to small-and-micro finance, it is expected that the pressure on business will be alleviated. The management of the Group is cautiously optimistic about the economic conditions in the second half of the year.

The Group will adhere to its development strategy of "promoting the development of technology with innovation, driving for financial reforms with technology", actively expand its presence in the area of financial technology and strive for business development. Through the integration of industry chain and rich resources of the Gome Group, the Group will continue to optimise its risk control and system support capabilities for big data, actively explore the provision of financial technology services and enhance the sustainability and stability of the Company. Meanwhile, the Group will set the customer access and risk assessment criteria in a flexible and accurate manner according to the macroeconomic environment, so as to provide more quality services to its customers while achieving better operating results and return for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group is sound with strong equity and working capital bases. As at 30 June 2019, the Group's total equity amounted to RMB1,738.8 million (31 December 2018: RMB1,757.6 million) and balance of pledged deposits for bank loans amounted to RMB891.0 million (31 December 2018: RMB889.5 million). As at 30 June 2019, the Group's cash and cash equivalent increased to RMB375.8 million (31 December 2018: RMB322.1 million). During the Interim Period, the Group recorded a total of RMB19.8 million cash inflow (2018: outflow of RMB351.4 million) from its operating activities.

During the Interim Period, collection of loans receivables was higher that disbursement of new loans, which resulted in a positive cash flow from operating activities. The overall increase in cash balance was mainly due to the cash inflow from investing activities, which was mainly contributed by the cash from selling structured deposit products.

The Group's current ratio as at 30 June 2019 was 3.1 (31 December 2018: 3.1). The Group's gearing ratio, expressed as percentage of total liabilities except tax payable over the Group's total equity was 47.2% as at 30 June 2019 (31 December 2018: 46.5%).

The Company has issued an 8-year corporate bond with principal of HK$35.0 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 repayable at par on the maturity date.

The Group had no particular seasonal pattern of borrowing. As at 30 June 2019, the Group's bank borrowings were all due within one year, which amounted to approximately RMB774.0 million (31 December 2018: RMB802.4 million). All the Group's bank borrowings were made at fixed and floating interest rates. The weighted average effective interest rates on secured and unsecured bank borrowings for the Interim Period were 4.785% and 5.22% per annum, respectively.

As at 30 June 2019, the Group's borrowings were denominated in RMB, amounting to RMB774.0 million and the Group's bond was denominated in HK$, amounting to HK$32.6 million (equivalent to approximately RMB28.7 million).

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

CAPITAL STRUCTURE

During the Interim Period, 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 30 June 2019.

GROUP STRUCTURE AND DISCLOSURE PURSUANT TO RULE 13.20 OF THE RULES (THE "LISTING RULES") GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

During the Interim Period, the Group did not have any acquisitions and disposals of subsidiaries.

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 (executive Director of the Company who has resigned with effect from 27 May 2019), pursuant to which Xinda Factoring agreed to provide an unsecured non-interest bearing loan for an amount of RMB720 million (the "Consideration") to Bosheng Huifeng solely for the purpose to acquire the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited (the "Acquisition"). On the same day, Bosheng Huifeng and 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 arrangements were to 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 are principally engaged 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.

As at 30 June 2019, an aggregate amount of RMB576 million, representing 80% of the Consideration, was advanced to Baosheng Huifeng to pay for the Consideration. Baosheng Huifeng will use 90% of the dividends arising from its interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited to repay the loan and Baosheng Huifeng undertakes that if completion of the Acquisition does not take place, Baosheng Huifeng shall refund the loan (with accrued interest) to Xinda Factoring in full.

The Acquisition was not yet completed up to 28 August 2019 and the Group's management has been communicating with the relevant authorities to speed up the Acquisition.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2019, certain bank deposits of the Group in the amount of approximately RMB891.0 million (31 December 2018: RMB889.5 million) were pledged to secure banking facilities of the Group and the Group did not have any material contingent liabilities (31 December 2018: Nil).

COMMITMENTS

As at 30 June 2019, the Group had loans commitment in the amount of RMB144.0 million (31 December 2018: RMB144.0 million), which were contracted but not provided for. Rental payment under non-cancellable operating leases amounted to approximately RMB2.1 million (31 December 2018: RMB8.2 million).

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

The Group continued to adopt a conservative treasury policy, with all bank deposits in HK$, 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 been investing in certain principal guaranteed structured deposit products offered by bank with its surplus cash arising in the ordinary and usual course of business of the Group from time to time. The principal amount invested by the Group in these products was determined by the Group having regard to the surplus cash position of the Group from time to time and after taking into account the highly liquid nature of such investments and nearly no financial risks involved. 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.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no important event affecting the Group after the Interim Period up to the date of this announcement.

STAFF AND REMUNERATION

The Group employed 90 employees in total as at 30 June 2019 (31 December 2018: 107). 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 also 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 set up 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 SUBSCRIPTION OF NEW SHARES

The net proceeds from the subscription of new shares of the Company completed on 5 September 2016 amounted to HK$1,574.5 million. Details of the share subscription and the proposed use of net proceeds are set out in the Company's circular dated 5 August 2016. The use of net proceeds was subsequently revised in the Company's announcement dated 29 August 2018. The below table sets out the revised application of net proceeds, and their usage up to 30 June 2019:

	Revised application of net proceeds	**Actual usage up to 30 June 2019**
	HK$'million	*HK$'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 and other general corporate purposes *(Notes 1 and 2)*	144.5	73.4
	1,574.5	1,503.4

Notes:

1. With reference to the Company's announcement dated 29 August 2018, net proceeds in the amount of HK$100 million originally intended for marketing and promotion of the Group's financial service business and payment of additional sales personnel costs were wholly re-allocated for general working capital and other general corporate purposes.

2. The unutilized amount of net proceeds set aside for general working capital and other general corporate purposes was HK$99.7 million and HK$71.1 million as at 31 December 2018 and 30 June 2019, respectively. The Company intends to fully utilize such net proceeds by the end of 2020 for staff and office expenses.

INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining a high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Throughout the six months ended 30 June 2019, the Company had complied with all code provisions set out in the CG Code, except for 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 independent 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 Company's business strategies and maximize effectiveness of its operation, the Board would nevertheless review 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 (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry with all the Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Company's share option scheme which was adopted on 28 September 2012 as an incentive to the Group's employees and business associates, at no time during the six months ended 30 June 2019 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 six months ended 30 June 2019.

AUDIT COMMITTEE

The Company has an audit committee (the "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 currently comprises two independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Zhang Liqing and one non-executive Director, namely Ms. Wei Qiuli.

The Audit Committee met with the management on 28 August 2019 to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's interim results for the six months ended 30 June 2019, which have been reviewed by the Audit Committee, before proposing to the Board for approval.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gomejr.com). The Company's interim report for 2019 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, 28 August 2019

As at the date hereof, the executive Directors are Ms. Chen Wei and Mr. Chung Tat Fun; the non-executive Directors is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Mr. Wan Jianhua and Mr. Zhang Liqing.