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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 ANNUAL RESULTS
 FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022 together with the comparative figures, which have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Revenue	5	80,219	77,401
Other income and other gains and losses	5	25,121	18,039
Administrative expenses		(20,582)	(24,188)
Provision for expected credit loss (“ECL”) on trade and loans receivables, net		(12)	(5,061)
Finance costs	7	(30,238)	(32,738)
Operating profit		54,508	33,453
Impairment loss on prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited (“TJGCMT”)	12	(51,000)	(157,000)
Profit/(loss) before tax	6	3,508	(123,547)
Income tax expense	8	(9,146)	(4,436)
Loss for the year		(5,638)	(127,983)
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share			
–Basic	10	(0.21)	(4.74)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year	<u>(5,638)</u>	<u>(127,983)</u>
Other comprehensive income/(expense):		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	<u>85,905</u>	<u>(21,160)</u>
Other comprehensive income/(expense) for the year, net of tax	<u>85,905</u>	<u>(21,160)</u>
Total comprehensive income/(expense) for the year	<u><u>80,267</u></u>	<u><u>(149,143)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Prepayment	12	368,000	419,000
Property, plant and equipment		31	167
Right-of-use assets		1,803	668
Deferred tax assets		2,033	3,360
		<hr/>	<hr/>
Total non-current assets		371,867	423,195
		<hr/>	<hr/>
Current assets			
Trade and loan receivables	11	921,235	831,701
Prepayments, deposits and other receivables	12	9,364	10,371
Pledged deposits for bank loans		430,393	930,844
Cash and cash equivalents		303,099	247,037
		<hr/>	<hr/>
Total current assets		1,664,091	2,019,953
		<hr/>	<hr/>
Current liabilities			
Trade payables	13	50	1,299
Other payables and accruals		6,106	5,446
Tax payables		10,419	4,748
Bank borrowings		367,500	851,000
Bonds issued		17,789	12,016
Lease liabilities		1,214	650
		<hr/>	<hr/>
Total current liabilities		403,078	875,159
		<hr/>	<hr/>
Net current assets		1,261,013	1,144,794
		<hr/>	<hr/>
Total assets less current liabilities		1,632,880	1,567,989
		<hr/>	<hr/>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities		
Bonds issued	–	15,942
Lease liabilities	566	–
	<hr/>	<hr/>
Total non-current liabilities	566	15,942
	<hr/>	<hr/>
Net assets	1,632,314	1,552,047
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	230,159	230,159
Reserves	1,402,155	1,321,888
	<hr/>	<hr/>
Total equity	1,632,314	1,552,047
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 CORPORATE AND GROUP 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 registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. 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 immediate holding company and ultimate holding company is Swiree Capital Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party is Ms. Du Juan ("Ms. Du").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise provision of commercial factoring, financial leasing and other financial services in Mainland China.

2 BASIS OF PREPARATION

These consolidated 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 ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") which is different from the Company's functional currency of Hong Kong dollars ("HKD"), and all values are rounded to the nearest thousand except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the preparation of the consolidated financial statements for the year ended 31 December 2022, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors of the Company for strategic decision making. The executive directors consider the business from a product and service perspective. The Group's businesses include commercial factoring business, finance lease business and other financial service segments. Summary of details of the operating segments which are categorised into the following reportable segments:

Operating segments	Nature of business activities
Commercial factoring business	Commercial factoring business in Mainland China
Other financing services	Finance lease business, financial information service and consultation service in Mainland China

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 certain bank interest income, gains on financial assets at FVTPL, certain finance costs, exchange gains/losses, impairment loss on prepayment for acquisition of TJGCMT, loss on disposal of subsidiaries 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 current and non-current assets with the exception of corporate assets which are not allocated to an individual reportable segment. Segment liabilities include all current and non-current liabilities with the exception of corporate liabilities which are unallocated to an individual reportable segment.

	Year ended 31 December 2022		
	Commercial factoring business	Other financing services	Total
	RMB'000	RMB'000	RMB'000
Segment revenue:			
Revenue from external customers	<u>70,090</u>	<u>10,129</u>	<u>80,219</u>
Segment results	<u>58,380</u>	<u>5,923</u>	<u>64,303</u>
<i>Reconciliation:</i>			
Exchange gains			10,045
Impairment loss on prepayment for acquisition of TJGCMT			(51,000)
Unallocated bank interest income			7,093
Unallocated finance costs			(18,759)
Other unallocated expenses			<u>(8,174)</u>
Profit before tax			3,508
Income tax expense			<u>(9,146)</u>
Loss for the year			<u><u>(5,638)</u></u>

	At 31 December 2022		
	Commercial factoring business RMB'000	Other financing services RMB'000	Total RMB'000
Segment assets	1,013,100	182,341	1,195,441
<i>Reconciliation:</i>			
Unallocated corporate assets			<u>840,517</u>
Total assets			<u><u>2,035,958</u></u>
Segment liabilities	10,082	4,310	14,392
<i>Reconciliation:</i>			
Unallocated corporate liabilities			<u>389,252</u>
Total liabilities			<u><u>403,644</u></u>

	Year ended 31 December 2022			
	Commercial factoring business RMB'000	Other financing services RMB'000	Unallocated items RMB'000	Total RMB'000
Other segment information:				
Depreciation and amortisation	912	299	142	1,353
Provision for ECL on trade and loan receivables	<u>43</u>	<u>(31)</u>	<u>-</u>	<u>12</u>

	Year ended 31 December 2021		
	Commercial factoring business RMB'000	Other financing services RMB'000	Total RMB'000
Segment revenue:			
Revenue from external customers	69,872	7,529	77,401
Segment results	<u>48,874</u>	<u>1,243</u>	50,117
<i>Reconciliation:</i>			
Gains on financial assets at FVTPL			247
Exchange losses			(312)
Impairment loss on prepayment for acquisition of TJGCMT			(157,000)
Loss on disposals of subsidiaries			(23)
Unallocated bank interest income			6,256
Unallocated finance costs			(14,607)
Other unallocated expenses			(8,225)
Loss before tax			(123,547)
Income tax expense			(4,436)
Loss for the year			<u>(127,983)</u>

	At 31 December 2021		
	Commercial factoring business RMB'000	Other financing services RMB'000	Total RMB'000
Segment assets	<u>1,350,597</u>	<u>123,605</u>	1,474,202
<i>Reconciliation:</i>			
Unallocated corporate assets			968,946
Total assets			<u>2,443,148</u>
Segment liabilities	<u>378,682</u>	<u>3,227</u>	381,909
<i>Reconciliation:</i>			
Unallocated corporate liabilities			509,192
Total liabilities			<u>891,101</u>

Year ended 31 December 2021

	Commercial factoring business <i>RMB'000</i>	Other financing services <i>RMB'000</i>	Unallocated items <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information:				
Depreciation and amortisation	933	305	138	1,376
Provision for ECL on trade and loan receivables	5,243	(182)	–	5,061
	<u>5,243</u>	<u>(182)</u>	<u>–</u>	<u>5,061</u>

Geographical information

(a) Revenue from external customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	<u>80,219</u>	<u>77,401</u>

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

(b) Non-current assets

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Hong Kong	–	136
Mainland China	<u>1,834</u>	<u>699</u>
	<u>1,834</u>	<u>835</u>

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

Information about major customers

There was no customer who individually contributed over 10% of the Group's revenue for the year ended 31 December 2022.

Interest income derived from commercial factoring loan receivables of approximately RMB30,742,000 and RMB24,792,000 for the year ended 31 December 2021 were from the largest and second largest customers, respectively.

5 REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue not within the scope of HKFRS 15		
Interest income from		
Commercial factoring loan receivables	70,090	69,872
Finance lease receivables	—	912
	<u>70,090</u>	<u>70,784</u>
Revenue within the scope of HKFRS 15		
Financial information service income – at a point in time	10,129	6,617
	<u>80,219</u>	<u>77,401</u>
Other income		
Bank interest income	14,742	17,969
Others	334	158
	<u>15,076</u>	<u>18,127</u>
Other gains and losses		
Loss on disposals of subsidiaries	—	(23)
Exchange gains/(losses)	10,045	(312)
Gains on financial assets at FVTPL	—	247
	<u>10,045</u>	<u>(88)</u>
	<u>25,121</u>	<u>18,039</u>

6 PROFIT/(LOSS) BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	9,037	12,102
Retirement benefit scheme contributions	896	1,024
	<u>9,933</u>	<u>13,126</u>
Write-off of prepayments, deposits and other receivables	–	23
Provision for ECL on trade and loan receivables	12	5,061
Impairment loss on prepayment for acquisition of TJGCMT (note 12)	51,000	157,000
Auditor's remuneration	1,100	878
Depreciation of property, plant and equipment	142	142
Depreciation of right-of-use assets	1,211	1,234
	<u><u>1,211</u></u>	<u><u>1,234</u></u>

7 FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on:		
Bank borrowings	27,502	30,076
Bonds issued	2,694	2,602
Lease liabilities	42	60
	<u>30,238</u>	<u>32,738</u>

8 INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2022 and 2021. PRC Enterprise Income Tax has been provided at the rate of 25% for the year ended 31 December 2022 (2021: 25%) on the estimated assessable profits arising in Mainland China during the year.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax		
– Mainland China	<u>7,819</u>	<u>2,333</u>
Total current tax	7,819	2,333
Deferred tax	<u>1,327</u>	<u>2,103</u>
Total tax expense for the year	<u>9,146</u>	<u>4,436</u>

9 DIVIDENDS

The directors did not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

10 LOSS PER SHARE

The calculations of basic loss per share are based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	<u>(5,638)</u>	<u>(127,983)</u>
	2022	2021
	'000	'000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>2,701,123</u>	<u>2,701,123</u>

Diluted loss per share is not presented as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2022 and 2021.

11 TRADE AND LOAN RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade and loan receivables		
Commercial factoring loan receivables (<i>Note (a)</i>)	929,281	844,486
Finance lease receivables (<i>Note (b)</i>)	–	1,113
Other trade receivables (<i>Note (c)</i>)	22	589
	<u>929,303</u>	<u>846,188</u>
Provision for ECL	<u>(8,068)</u>	<u>(14,487)</u>
	<u>921,235</u>	<u>831,701</u>

Notes:

- (a) An ageing analysis of the commercial factoring loan receivables as at the end of each reporting period, based on maturity dates set out in the relevant contracts, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Not yet matured	929,281	805,918
To be matured in:		
3 months or less	–	30,970
3 to 6 months	–	2,296
6 to 12 months	–	–
Over 12 months	–	5,302
	<u>929,281</u>	<u>844,486</u>
Provision for ECL	<u>(8,068)</u>	<u>(13,374)</u>
	<u>921,213</u>	<u>831,112</u>

- (b) ECL of RMB1,113,000 was fully provided on the Group's finance lease receivables with aggregate gross carrying amount of RMB1,113,000 which carried an effective interest rates ranged from 6.96% to 13% per annum and aged over 365 days based on due dates for the year ended 31 December 2021.

The balance was written off in accordance with the Group's accounting policy during the year ended 31 December 2022.

- (c) As at 31 December 2022 and 31 December 2021, none of the Group's other trade receivables are past due.

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Prepayment for acquisition of TJGCMT (Note)	576,000	576,000
Deposits	203	178
Other prepayments	583	638
Other receivables	8,578	9,555
	<u>585,364</u>	<u>586,371</u>
Impairment loss on prepayment for acquisition of TJGCMT	<u>(208,000)</u>	<u>(157,000)</u>
	<u><u>377,364</u></u>	<u><u>429,371</u></u>
Carrying amounts analysed for reporting purpose:		
Current assets	9,364	10,371
Non-current assets	368,000	419,000
	<u><u>377,364</u></u>	<u><u>429,371</u></u>

Note:

As disclosed in the Company's circular dated 29 June 2017, Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), a subsidiary of the Group, entered into a loan agreement dated on 7 June 2017 with Beijing Bosheng Huifeng Business Consulting Co., Limited ("OPCO"), a company established in the PRC of which 90% equity interest is owned by Ms. Du, the controlling shareholder of the Company, to provide a non-interest-bearing loan of RMB720 million to OPCO solely for the Group's purpose of acquiring the entire equity interest of TJGCMT from independent third parties, Tibet Yang Guan LLP and Mr. Mao Deyi (together the "Sellers").

On 25 July 2017, OPCO and the Sellers entered into an equity share transfer agreement (the "Transfer Agreement") pursuant to which OPCO agreed to buy and the Sellers agreed to sell the entire equity interest of TJGCMT. Upon completion, OPCO would hold the entire equity interest of TJGCMT. At the same time at completion, Xinda Factoring would then enter into a series of contracts with OPCO. Through these contracts, in the opinion of the directors of the Company, the Group will have effective control over OPCO and will enjoy the entire economic interests and benefits generated by OPCO and TJGCMT. Pursuant to the Transfer Agreement, if the transaction has not been completed after 24 months of the date of signing of the Transfer Agreement (i.e. 24 July 2019), OPCO is entitled to notify the Sellers for terminating the transaction and all prepayment made for the acquisition shall be refunded to OPCO within 10 days from such notification and OPCO is liable to refund all prepayment to the Group immediately upon receipt within the 10 days. In 2017, RMB576 million was advanced by the Group to OPCO and it was recorded as a prepayment under non-current asset by the Group as of 31 December 2022 and 31 December 2021.

The Group was notified by the PBOC for temporary suspension of the approval process which was considered by the directors of the Company to be a critical condition to complete the acquisition of TJGCMT since 2021. As at 31 December 2022 and up to the date the Group's consolidated financial statements for the year ended 31 December 2022 were authorised for issue, the approval from PBOC has not been obtained.

Taking into account the approval process being suspended and the overall macro environment in the PRC, the directors of the Company are considering whether or not to terminate the Transfer Agreement in order for OPCO to get a refund of RMB576 million from the Sellers and hence a refund of the same amount from OPCO to the Group. Given the abovementioned facts and circumstances, the directors of the Company performed an impairment assessment in respect of the recoverability of the Group's prepayment of RMB576 million to OPCO. Based on information currently available, if the acquisition could not be completed by the end of 2023, the Group, through OPCO, will notify the Sellers to terminate the transaction. OPCO will then request a refund of RMB576 million in accordance with the Transfer Agreement. If the Sellers could not return the prepayment within 10 days from the date of the notification, the Group will take legal actions against the Sellers and take any other alternative actions which include but not limited to the disposal of the entire equity interest of TJGCMT through an auction by a court in the PRC. On 23 March 2022, a personal guarantee has been executed by Ms. Du to secure recoverability of the prepayment of RMB576 million. If full refund is not received either from the Sellers or through disposal of entire equity interest of TJGCMT on or before 30 June 2024, Ms. Du undertakes to procure for refund of the prepayment to the Group, on or before 31 December 2024, for any shortfall with her personal assets.

As at 31 December 2022, the recoverable amount of the prepayment was estimated to be RMB368 million (2021: RMB419 million) and a further impairment loss of RMB51 million (2021: RMB157 million) was recognised during the year ended 31 December 2022.

13 TRADE PAYABLES

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	–	853
Over 1 year	<u>50</u>	<u>446</u>
	<u>50</u>	<u>1,299</u>

OVERVIEW

During the year ended 31 December 2022, after the impairment loss on prepayment for acquisition of TJGCMT which amounted to RMB51 million, the Group recorded a profit before tax of RMB3.5 million (2021: loss of RMB123.5 million). Excluding such impairment, the Group recorded an operating profit of RMB54.5 million (2021: RMB33.5 million) compared with 2021. Revenue of the Group increased slightly from RMB77.4 million in 2021 to RMB80.2 million in 2022 due to increase in financial information service income. Increase in operating profit was a combined result of increase in other income RMB7.1 million, and decrease in administrative expenses RMB3.6 million, provision for expected credit loss (“ECL”) on trade and loan receivables RMB5.0 million and finance cost RMB2.5 million. The Group recorded a loss of RMB5.6 million for the year ended 31 December 2022 (2021: RMB128.0 million) and the Board did not recommend the payment of any dividend for the year ended 31 December 2022 (2021: nil).

Commercial factoring business was the major income source of the Group which contributed around 87% of the revenue of the Group during the year ended 31 December 2022 and the Group currently kept its focus on commercial factoring business to ensure the generation of a stable return for the business of the Group. Although the outbreak of the Coronavirus Disease 2019 (“COVID-19”) pandemic in the People’s Republic of China (the “PRC”) during 2022 resulted in lockdown of several cities and seriously affected the overall economy and various industries, capital market and the demand for factoring loans in the PRC remained stable. In 2022, considering the economic uncertainties under COVID-19, the Group developed its commercial factoring business while keeping its risk management on new lending and loans receivables at a high standard and continuing to control operating cost at low level, as a result, profit from commercial factoring business increased from RMB48.9 million in 2021 to RMB58.4 million in 2022.

The management closely monitored the other financing services. In late 2021, the market became stable and various new products which complied with existing regulations were launched, given such market opportunities, the management developed this business again. During 2022, the other financing services business benefited from the market environment that its segment profit increase significantly to RMB5.9 million (2021: RMB1.2 million).

The Group’s long term objective is being a market-leading comprehensive financial technology services group. The management kept exploring different new business opportunities so as to grow by developing new businesses, the management believes the current strategy of maintaining growth by continuously developing the commercial factoring business and simultaneously exploring new businesses can lead the Group to develop steadily.

INDUSTRY ENVIRONMENT

In 2022, against the backdrop of the convergence and combination of changes unseen in a century, coupled with the challenging situations arising from the global pandemic and turbulent geopolitical landscape, the world economy faced an increasing downward risk. Faced with a rough international environment and the demanding and challenging task to achieve stable development through reform, the PRC government coordinated the overall domestic situations with international situations, balanced pandemic prevention and control with economic and social development, integrated development and safety and ramped up macroeconomic control efforts to effectively overcome the impact of unexpected factors and maintain macroeconomic stability.

According to preliminary calculations by the PRC National Bureau of Statistics, China's gross domestic product (GDP) for the year of 2022 was RMB121.0207 trillion, representing an increase of 3.0% compared with 2021 on a constant price basis. In the beginning of the second quarter of 2022, the PRC economy experienced a downturn affected by certain unexpected factors. The PRC government timely introduced a package of policies and measures to withstand the downward pressure and promote stable recovery of the economy.

In 2022, the PRC's financial system operated smoothly and market liquidity was maintained at a reasonable and adequate level, with the stability of total credit growth enhanced. According to the 2022 Financial Statistics Report published by the People's Bank of China, RMB loans increased by RMB21.31 trillion, representing an increase of RMB1.36 trillion as compared to that of 2021. The outstanding social financing increased by 9.6% year-on-year, while increments of social financing amounted to RMB32.01 trillion, representing an increase of RMB668.9 billion as compared to that of 2021.

In 2022, the PRC government increased credit support for key areas and weak links in the real economy and continued to improve its credit structure. In particular, the balance of inclusive credit loans to small low-profit enterprises grew by 23.8% year-on-year, which was 12.7 percentage points higher than that of other loans. The number of small low-profit enterprises with inclusive credit loans was 56.52 million, representing a year-on-year increase of 26.8%. In 2022, the comprehensive financing cost of the real economy also decreased significantly, with the one-year LPR and five-year LPR fell by 15 basis points and 35 basis points respectively. The weighted average interest rate of loans newly issued to enterprises in 2022 was 4.17%, down 34 basis points from 2021. Overall, the real economy has benefit greatly in terms of bringing down comprehensive financing costs and improving financing efficiency.

While the overall environment for supply chain improved and the weighted average interest rate of newly issued corporate loans decreased, the Company remained prudent due to high market risk, focusing on business with familiar customers and holding off additional market expansion. The Company's supply chain business remained steady and increased slightly.

In recent years, the supply-chain finance has become more and more prominent in facilitating the development of the real economy, especially to small low-profit enterprises. Driven by policies and macroeconomic development trend, various industries have driven and promoted the relief of real economy by the effective application of supply chain finance model and sustained development. With the integration of digital technologies such as the Internet of Things (IoT), big data and block chain, the supply-chain finance industry can effectively connect the upstream and downstream of the industrial chain, achieve synergies by parallel operation and information collaboration among node enterprises in the supply chain, and further expand the coverage of supply-chain finance to provide digital, scenario-based and diversified financing services for more small low-profit enterprises. It is expected that the scale of inclusive credit loans to small low-profit enterprises will maintain a growing momentum.

BUSINESS REVIEW

Benefitting from GOME Retail Holdings Limited's advantages in resources and industry chain, the Company remained committed to the vision of "using innovation to promote the development of technology and using technology to drive financial reform" (創新推動科技發展、科技驅動金融變革).

Xinda Factoring, a wholly-owned subsidiary of the Company, provided prompt and convenient supply chain services to high-quality customers in a prudent way of combining online and offline services. Since 2021, the Group started to grant longer loan period to certain high-quality customers in order to increase profitability and at the same time to maintain credit risk at a low level. The longer loan period granted affected the new lending amount of the Group, which slightly decreased from RMB2.05 billion in 2021 to RMB1.96 billion in 2022. Although the new lending amount dropped, the Group maintained its average net loan balance at around RMB890 million during both 2022 and 2021, which illustrated that the operating scale of the commercial factoring business had remained stable. Interest rate charged to commercial factoring borrowers also remained stable in 2022 and 2021, as a result, revenue of the commercial factoring business was similar in both years (2022: RMB70.1 million; 2021: RMB69.9 million). Improvement in risk management and credit control reduced the provision for ECL on trade and loans receivables by RMB5.0 million, together with the decreased in finance cost and staff cost, the commercial factoring business recorded a profit of RMB58.4 million for 2022 (2021: RMB48.9 million). The management believed that the commercial factoring business will be the cornerstone in the future development of the Group as the business has a well established risk management system and it maintained steady growth despite various negative factors in the external environment.

Other than the commercial factoring business, the Group, through Gome Wangjin (Beijing) Technology Co., Ltd. (“Gome Wangjin”), a wholly-owned subsidiary of the Company, has continued to explore different opportunities in other financing services with its extensive technical experience in the relevant areas. Since 2020, Gome Wangjin mainly engaged in providing operational services to a financial service App and customer referral services to financial institutions through the operation of the App. In 2021, the referral business of the Group was seriously affected due to the strengthened regulatory focus on the fintech industry in China in 2020, and as a result, management simplified the operation in order to sustain the business. Since late 2021, the regulatory environment became stable and various new products which complied with existing regulations were launched. These new products attracted customers back to the market, and as a result, both revenue and profit of the other financing services business significantly improved in 2022.

A prepayment for acquisition of TJGCMT of RMB576 million was impaired by RMB157 million in 2021 and further impaired by RMB51 million in 2022 after management review. For details of the impairment, please refer to the section headed “Impairment loss on prepayment for acquisition” below. The Group suffered a net loss as a result of this impairment, however, the management considered TJGCMT, the target company of this acquisition as one of the important elements in future strategic development of the Group and therefore will continue to endeavour to obtain the requisite regulatory approval in 2023. In addition, considering the Group recorded an increment in operating profit, operation of the Group for 2022 is still satisfactory.

The management believes that the Group is developing in a stable manner and considers that the economic uncertainties due to COVID-19 will be slowly reduced in 2023. The management believes maintaining the current development strategy will create maximum benefits and higher returns for the Company.

FINANCIAL REVIEW

Results highlights

During the year ended 31 December 2022, revenue of the Group increased by 3.6% to RMB80.2 million (2021: RMB77.4 million), which was mainly due to the increase in revenue from other financial services. Commercial factoring services of the Group remained stable in 2022 that the Group recorded revenue of RMB70.1 million (2021: RMB69.9 million). As aforesaid, since late 2021, the regulatory environment became stable, various new products were launched and the market was activated again, and as such, revenue from the other financing services business for 2022 increased to RMB10.1 million (2021: RMB6.6 million).

As aforesaid, considering the increase in credit risk on loans receivable due to the economic uncertainties under COVID-19, the Group kept improving its risk management and credit control over the commercial factoring business. As a result, the non-performing loan ratio decreased to 0% (2021: 0.76%) and the provision for ECL on trade and loans receivables during the year was lowered to RMB12,000, representing a decrease of RMB5.0 million as compared to 2021.

Administrative expenses of the Group also decreased by RMB3.6 million, which was mainly contributed by decrease in staff cost of RMB3.2 million. The decrease in staff cost was in line with the decrease in headcount from 25 as at 31 December 2021 to 22 as at 31 December 2022 as a result of the simplification of the operating team. Due to the uncertainty of the external economic environment and considering the maturity of the operations of existing businesses, management continued simplifying the operating team in 2022.

During 2022, as HKD appreciated against RMB, the Group recorded an exchange gain of RMB10.0 million (2021: loss of RMB0.3 million) and resulted in a significant increase in other income and gains. Due to the repayment of bank loans and decrease in interest rate in 2022, both bank interest income and finance costs decreased and did not have significant impact on profit.

An impairment loss of RMB51 million (2021: RMB157 million) was recognised in the prepayment for the acquisition of TJGCMT in 2022, which strongly affected the profitability of the Group, from profit to loss making. For details of the impairment, please refer to the section headed “Impairment loss on prepayment for acquisition” below. The current accounting treatment illustrated that potential loss might be suffered.

Combining the effects above, for the year ended 31 December 2022, the Group recorded operating profit of RMB54.5 million (2021: profit of RMB33.5 million). Loss attributable to owners of the Company decreased to RMB5.6 million (2021: RMB128.0 million). Basic loss per share for the year was RMB0.21 cents (2021: RMB4.74 cents).

Commercial factoring business

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

	For the year ended 31 December 2022 RMB’000	For the year ended 31 December 2021 RMB’000
Revenue	70,090	69,872
Net operating expenses	<u>(11,667)</u>	<u>(15,755)</u>
Operating earnings	58,423	54,117
Provision for ECL of loans receivables	<u>(43)</u>	<u>(5,243)</u>
Segment results	<u>58,380</u>	<u>48,874</u>

As mentioned above, both the demand for factoring loans in the PRC and interest rate remained stable during 2022 even under the outbreak of COVID-19 pandemic. The operation of commercial factoring business of the Group was also stable, with the revenue from the commercial factoring business slightly increased by 0.3% (RMB0.2 million).

Included in net operating expenses, net finance cost, representing bank loan interest less bank interest income, of the commercial factoring business decreased by RMB2.4 million due to the repayment of bank loan of RMB496 million in late 2022. As aforesaid, management continued simplifying the operating team and the decrease in the headcount resulted decrease in staff cost. There was no other material change in operating expenses of the commercial factoring business in 2022.

In addition, improvement in risk control and credit management resulted in a decrease in ECL of loans receivables by RMB5.0 million, as a result, segment profit increased from RMB48.9 million for 2021 to RMB58.4 million for 2022.

The demand for commercial factoring in the PRC was not seriously affected by COVID-19. However, the increase in credit risk on loans receivable due to the economic uncertainties under COVID-19 became the major challenge of the commercial factoring business. During 2022, the management focused on developing business with high quality customers in order to maintain a balance between credit risk and business growth, both new lending amount and average net loan balance for the year was satisfactory with an increased in segment profit as compared with 2021.

The Group takes a consistent and objective approach in analyzing 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 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.

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

	31 December 2022		31 December 2021	
	Gross balance <i>RMB'000</i>	Impairment provision <i>RMB'000</i>	Gross balance <i>RMB'000</i>	Impairment provision <i>RMB'000</i>
Normal	929,281	8,068	805,918	5,274
Special mention	–	–	30,970	1,539
Substandard	–	–	2,296	1,259
Doubtful	–	–	–	–
Loss	–	–	5,302	5,302
	<u>929,281</u>	<u>8,068</u>	<u>844,486</u>	<u>13,374</u>

Gross balance of normal loan as at 31 December 2022 increased significantly to RMB929.3 million (as at 31 December 2021: RMB805.9 million), which was because (1) some major customers repaid their loan in late 2021 which resulted in a relatively lower overall and normal loan balance as at 31 December 2021; and (2) as at 31 December 2021, a single loan of RMB31.0 million which became overdue just before 31 December 2021 and was classified as a special mention loan was already wholly repaid. All new loans were settled on time or remained under normal stage, which resulted in a significant drop in non-performing loan ratio and a decrease of ECL for 2022.

Since most of the new loans during 2022 were settled on time or remained under normal stage, no significant provision was made during 2022. As at 31 December 2022, all overdue loan had already been written off.

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 2022 <i>RMB'000</i>	For the year ended 31 December 2021 <i>RMB'000</i>
Revenue	10,129	7,529
Net operating expenses	<u>(4,237)</u>	<u>(6,468)</u>
Operating earnings	5,892	1,061
Reversal provision for ECL of loans receivables	<u>31</u>	<u>182</u>
Segment results	<u>5,923</u>	<u>1,243</u>

In 2022, revenue of the other financing services business mainly represented the service fee collected by Gome Wangjin by providing customer referral services to financial institutions through a financial services App, which refers the App users to other financial institutions for borrowing, obtaining credit record and applying for credit card, etc. Since January 2021, the financial leasing business was suspended and merged into other financing services business for segment reporting purpose. As mentioned above, the regulatory environment became stable, various new products were launched by financial services Apps and the market was activated again, and as such, service fee from referral services during 2022 increased to RMB10.1 million (2021: RMB6.6 million) and led to the significant increase in revenue of the other financing services business by 53%.

As all finance lease receivables were matured in 2021 and its outstanding loans receivable balance was wholly written off as at 31 December 2022, operating cost of other financing services also decreased significantly mainly contributed by the decrease in staff cost.

As a result of the above, the business successfully recorded a significant increase in segment profit from RMB1.2 million for 2021 to RMB5.9 million for 2022.

Key operating data of the Group

	For the year ended 31 December 2022	For the year ended 31 December 2021
Total return on loans (interest income/average gross loan balance)	7.86%	8.06%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	1.05%	1.71%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	0.00%	0.76%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	NA	225.82%

Annual interest rate of the commercial factoring business, which generated nearly 90% revenue of the Group, maintained at around 8% to 15% for both years and the total return on loans maintained at around 8% in both years. Since 2021, the Group had focused on high quality customers with a lower interest rate which also slightly affected return on loans.

As all new loans during 2022 were settled on time or remained under normal stage as at 31 December 2022, both allowance to loans ratio and non-performing loan ratio dropped significantly. In addition, during 2022, loss loans amounted to RMB6.4 million was written off such that the absence of substandard, doubtful and loss loans balance as at 31 December 2022 resulted in 0% non-performing loan ratio and no allowance coverage ratio. The percentage of allowance coverage ratio was over 100% or not available, meaning that the provisions made wholly covered the gross balances of all non-performing loans.

Taking into account the uncertainties of the economy, the management was cautious and considered that it would be appropriate to maintain a higher level of provision for ECL.

Loan quality analysis and provision for ECL

During the year ended 31 December 2022, net amount for the provision for ECL on trade and loans receivables was RMB12,000 (2021: RMB5.1 million). Additional provision was made for the commercial factoring due to the increase in gross loan balance. During both years, management reviewed the balances under the doubtful and loss categories, significant balance considered as non-recoverable was written off in order to better reflect the actual loan balance and quality. The movements in provision for ECL of trade and loan receivables are as follows:

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
At the beginning of the period	14,487	45,818
Charge for the year	8,114	9,188
Release for the year	(8,102)	(4,127)
Write-off	(6,431)	(36,392)
	<hr/>	<hr/>
At the end of the period	8,068	14,487
	<hr/> <hr/>	<hr/> <hr/>

Impairment loss on prepayment for acquisition

The impairment loss (the “Impairment Loss”) is attributable to the impairment of the prepayment of RMB576 million (the “Prepayment”) made for the acquisition by OPCO of 100% equity interest in TJGCMT from independent third parties, Tibet Yang Guan LLP and Mr. Mao Deyi (together, the “Sellers”) (the “Acquisition”). As at 31 December 2022 and up to the date of this announcement, the Acquisition has not yet been completed and RMB576 million had been paid according to the loan agreement entered into between Xinda Factoring and OPCO on 7 June 2021 (the “Loan Agreement”) and was recorded as a prepayment by the Group. Details of the Acquisition and the Loan Agreement are set out in the Company’s circular dated 29 June 2017.

As at the date of this announcement, the Acquisition is still subject to regulatory approval from the People's Bank of China ("PBOC") in the PRC. The latest round of communications with the PBOC regarding the application for regulatory approval was made in May 2022, and the Group will submit updated application materials to the PBOC according to the requirements of the PBOC. A follow up discussion with the PBOC is expected to take place within 2023 subject to the progress of the ongoing policy and structural review undertaken by the PRC authorities on the domestic financial industry. As TJGCMT has completed the renewal of the payment license in January 2023, and the PBOC had already reviewed the application materials and had previously indicated that there was no significant outstanding issue with the application, the management of the Group took the view that the PBOC's approval could be obtained as a matter of time. In light of the foregoing, the management of the Group took the view that any decision by the Group to terminate the Acquisition shall only be made after a further period of observation which, based on the currently available information and barring unforeseen circumstances, should be expected to take place in late 2023. The management of the Group would continue to pursue the PBOC's approval for the Acquisition and endeavour to complete the Acquisition within 2023 in light of the strategic value of the Acquisition to the Group.

If the Group decides to terminate the Acquisition and the Sellers could not return the Prepayment, the Group can take legal actions against the Sellers and can also take other alternative actions which include but are not limited to the disposal of the entire equity interest of TJGCMT through a court ordered auction sale in the PRC. In addition, the Group has obtained an undertaking (the "Undertaking") from Ms. Du, a major shareholder of OPCO and a controlling shareholder of the Company, to the effect that Ms. Du would procure for the refund of the Prepayment and make up any shortfall with her personal assets to the extent necessary.

Given the above mentioned facts and circumstances, there is uncertainty on timing for completion of the Acquisition, and therefore the Company performed an impairment assessment in respect of the recoverability of the prepayment.

The management considers the expected cash flow from it and assess the impairment based on the following calculations:

Key assumptions

The following key assumptions were adopted in connection with the impairment assessment as at 31 December 2022:

- (a) the Acquisition would be terminated if it could not be completed by the end of 2023;
- (b) full refund of the Prepayment could not be received by the Group from the Sellers or through disposal of the entire equity interest of TJGCMT on or before 30 June 2024; and
- (c) Ms. Du would dispose of the shares in the Company beneficially owned by her to procure for refund of the Prepayment to the Group on 30 June 2024.

Calculations

The Impairment Loss in the amount of RMB51 million (2021: RMB157 million) was made on the following basis:

- (1) opening carrying amount of the Prepayment of RMB419 million (2021: RMB576 million);
- (2) minus the recoverable amount of the Prepayment of RMB368 million (2021: RMB419 million) which was arrived after taking into account of (i) the estimated disposal proceeds receivable by the Group of the net tangible assets of TJGCMT; and (ii) the estimated value of those assets of Ms. Du used as to guarantee the Prepayment as at 31 December 2022.

The management of the Group considered that the carrying amount of the Prepayment as at 31 December 2022 represented an estimated recoverable amount based on the above analysis only but not the actual recoverable amount. In the event that Ms. Du is required to fulfill the Undertaking, the actual recoverable amount of the Prepayment will depend on, among others, the actual amount receivable from a sale of 100% equity interest of TJGCMT and the value of Ms. Du's personal assets at that time.

Other balance sheet items

As the interest gap between bank borrowings and pledged bank deposit kept enlarging in 2021 and 2022, during 2022, the Group changed to finance operation of subsidiaries in the PRC by surplus fund of the Company, instead of subsidiaries' borrowings from bank secured by deposit of the Company, in order to save finance cost. RMB483.5 million bank loan was repaid in 2022 and respective pledged bank deposit amounted to USD84.2 million was released. As a result, both pledged deposit of bank loans and interest-bearing bank borrowings decreased significantly as at 31 December 2022.

PROSPECTS

Despite the unstable foundation for the PRC's economic recovery, the considerable triple pressure from shrinking demand, supply shocks, and weaker expectations, as well as the turbulent external environment intensified the effect brought to the PRC's economy, the PRC's economy boasts strong resilience, great potential and ample vitality. With the effects of various policies continue to emerge, the overall economic performance is expected to rebound next year.

In terms of the overall international economic development trend, the IMF issued the latest World Economic Outlook on 31 January 2023, revising the global growth forecast for 2023 upward from 2.7% to 2.9%, with most of the major economies' growth rates revised upward by varying degrees. This also marks the first time since 2022 that the IMF has raised its forecasts for economic growth in 2023.

Against the backdrop of a general consensus that the global economy is expected to rebound, small low-profit enterprises will undoubtedly receive more support from inclusive finance and generate more momentum for development. The Central Economic Work Conference held at the end of 2022 specifically pointed out that stable monetary policy needs to be precise and effective, and that financial institutions will be guided to increase their support in the fields for small low-profit enterprises, technological innovation, and green development.

Based on the current expectation of macroeconomic future, it is expected that monetary policy will continue to reduce interest rates and reserve requirement ratio and continue to be appropriately accommodative. The interest rate and cost of the supply chain finance industry is expected to continue to develop in a direction conducive to the expansion of transaction scale. The Group will continue to focus on technology-based finance as its strategic goal, further explore the integration and development of the emerging technology industry with the supply chain financial industry, further its support for the economy, develop more diversified and differentiated products and service matrix, continue to expand its business income streams, and provide professional and refined financial services to customers while bringing more stable and lucrative returns to shareholders.

Looking ahead, the management will continue to explore different types of businesses, including e-commerce platforms and online retail operations. With the most comprehensive and integrated structure and chain, the Company sticks to the goal of becoming a “shared retail platform operator”. The existing financial business and acquisition of the payment company TJGCMT shall realise synergies by its professional financial services and qualifications, thereby enhancing the overall value of the Company. To this end, the management will continue to actively pursue the completion of the Acquisition.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s financial position is sound with strong equity and working capital bases. As at 31 December 2022, the Group’s total equity amounted to RMB1,632.3 million, representing an increase of 5.2% as compared with that as at 31 December 2021. As at 31 December 2022, the Group’s cash and cash equivalents amounted to RMB303.1 million (as at 31 December 2021: RMB247.0 million) which was mainly due to the release of pledged deposits for bank loans after repayment of bank borrowings.

During the year ended 31 December 2022, the Group recorded cash outflow from its operating activities of RMB21.3 million (2021: outflow of RMB52.4 million). Increase in operating profit resulted in improvement of operating cash outflow. The Group recorded an inflow from investing activities of RMB585.6 million (2021: outflow of RMB60.3 million). As mentioned above, RMB989.7 million pledged bank deposit for securing bank loan was released during 2022 upon repayment of bank borrowings resulted to investing cash inflow in 2022. The Group recorded an outflow from financing activities of RMB527.6 million (2021: inflow of RMB0.2 million) due to the repayment of bank loan of RMB851.0 million and the payment of finance costs, whereas in 2021, the Group borrowed additional loan secured by bank deposit which led to cash inflow from financing activities and outflow from investing activities.

The Group's current ratio as at 31 December 2022 was 4.1 (as at 31 December 2021: 2.31). The Group's gearing ratio, expressed as percentage of total liabilities except tax payable over the Group's total equity was 24.1% (as at 31 December 2021: 57.1%). The increase in current ratio and decrease in gearing ratio was due to the repayment of bank borrowings in 2022.

The Group has issued an 8-year corporate bond with total principal amount of HKD35 million, HKD15 million was due and settled in 2022, HKD20 million will be due in 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 2022, 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 RMB367.5 million (as at 31 December 2021: RMB851.0 million). The Group's current borrowings were all made at fixed interest rates. The weighted average effective interest rates on secured current borrowings for the year were 3.35% to 3.45% per annum.

As at 31 December 2022, the Group's borrowings were denominated in RMB and HKD, amounting to RMB367.5 million and approximately HKD19,917,000 (equivalent to approximately RMB17,789,000), respectively (as at 31 December 2021: approximately RMB851,000,000 and approximately HKD34,195,000 (equivalent to approximately RMB27,958,000), 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 ended 31 December 2022, there was no change in the issued share capital of the Company and the number of issued ordinary shares of the Company remained at 2,701,123,120 as at 31 December 2022 and 2021.

GROUP STRUCTURE

During the year ended 31 December 2022, two dormant subsidiaries of the Company, which were incorporated and registered in the British Virgin Islands, were dissolved with no gain or loss recognised in the consolidated profit or loss.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2022.

For details relating to the acquisition of TJGCMT, please refer to the Company's circular dated 29 June 2017.

As at 31 December 2022, the Group had no future plans for material investments or capital assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments as at 31 December 2022 and 2021.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2022, the Group's bank deposits in the amount of RMB430,393,000 (as at 31 December 2021: RMB930,844,000) were pledged to secure banking facilities of the Group. The Group did not have any material contingent liabilities as at 31 December 2022 and 2021.

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

The Group has continued to adopt a conservative treasury policy, with all bank deposits held in HKD, RMB, and USD. The Board and management has 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 a bank with the 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 and the Group has not 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 22 employees in total as at 31 December 2022 (as at 31 December 2021: 25). 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. During the year ended 31 December 2022, the Group had no forfeited contribution available to reduce its contribution to the pension schemes. 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2022, 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 of Hong Kong Limited (the “Stock Exchange”), except for the deviation disclosed below.

Code provision C.2.1 and Code provision C.2.7

According to code provision C.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 C.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. Zhou Yafei, (“Mr. Zhou”) who has been appointed as an executive Director with effect from 26 March 2021, had performed the duties of the chairman and the chief executive of the Company 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 chief executive 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 would be considering suitable candidate to be appointed as the chairman and chief executive of the Company such that the Company can comply with code provision C.2.1 of the CG Code. As the Company did not have a chairman, it could not strictly comply with code provision C.2.7 of the CG Code during the year ended 31 December 2022. However, the independent non-executive Directors had effective access to Mr. Zhou 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. The Company considers that there were sufficient channels and communications for discussion of the Company’s affair between Mr. Zhou and other non-executive Directors during the year ended 31 December 2022.

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 of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2022.

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 2022.

SUBSEQUENT IMPORTANT EVENTS

Subsequent to 31 December 2022 and up to the date of this announcement, no material event affecting the Group had occurred.

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 four independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Lee Puay Khng, Mr. Li Liangwen and Ms. Wang Wanjun.

The Audit Committee has reviewed the audited consolidated financial results of the Company for the year ended 31 December 2022, before proposing them to the Board for approval.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

A notice convening the forthcoming annual general meeting of the Company 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 Stock Exchange (www.hkexnews.hk) and the Company (www.gomejr.com). The Company's annual report for the year ended 31 December 2022 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.
Zhou Yafei
Executive Director

Beijing, 31 March 2023

As at the date of this announcement, the Company's executive Director is Mr. Zhou Yafei; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Lee Puay Khng, Mr. Li Liangwen, Mr. Hung Ka Hai Clement and Ms. Wang Wanjun.