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 2023

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 2023 together with the comparative figures for the corresponding period in 2022. The condensed consolidated interim results are unaudited, but have been reviewed by the Company's audit committee (the "Audit Committee").

HIGHLIGHTS

Revenue for the six months ended 30 June 2022 and 2023 remained stable, being RMB39.4 million and RMB39.6 million respectively. Operating profit for the six months ended 30 June 2023 decreased by 87.7% to RMB3.5 million (six months ended 30 June 2022: RMB28.5 million).

Loss for the six months ended 30 June 2023 was RMB2.2 million (six months ended 30 June 2022: profit of RMB2.7 million).

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

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

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**39,557**	39,426
Other income and other gains and losses	*4*	**(19,177)**	13,084
Administrative expenses		**(9,918)**	(10,113)
(Provision for)/reversal of expected credit loss on trade and loan receivables, net		**(2,384)**	1,753
Finance costs	*6*	**(4,572)**	(15,666)
Operating profit		**3,506**	28,484
Impairment loss on prepayment for acquisition of TJGCMT	*10*	**–**	(21,000)
Profit before tax	*5*	**3,506**	7,484
Income tax expense	*7*	**(5,735)**	(4,753)
(Loss)/profit for the period		**(2,229)**	2,731
(Loss)/earnings per share			
— Basic	*8*	**RMB(0.08) cents**	RMB0.10 cents

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(2,229)**	2,731
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**32,213**	42,512
Other comprehensive income for the period, net of tax	**32,213**	42,512
Total comprehensive income for the period	**29,984**	45,243

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Non-current assets			
Prepayment	*10*	**368,000**	368,000
Property, plant and equipment		**31**	31
Right-of-use assets		**1,212**	1,803
Deferred tax assets		**2,626**	2,033
Total non-current assets		**371,869**	371,867
Current assets			
Trade and loan receivables	*9*	**1,034,814**	921,235
Prepayments, deposits and other receivables	*10*	**9,904**	9,364
Pledged deposits for bank loans		**253,585**	430,393
Cash and cash equivalents		**220,551**	303,099
Total current assets		**1,518,854**	1,664,091
Current liabilities			
Trade payables	*11*	**50**	50
Other payables and accruals		**6,121**	6,106
Tax payables		**8,063**	10,419
Bank borrowings		**212,500**	367,500
Bonds issued		**–**	17,789
Lease liabilities		**1,691**	1,214
Total current liabilities		**228,425**	403,078
Net current assets		**1,290,429**	1,261,013
Total assets less current liabilities		**1,662,298**	1,632,880

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Lease liabilities	**–**	566
Total non-current liabilities	**–**	566
Net assets	**1,662,298**	1,632,314
Equity		
Share capital	**230,159**	230,159
Reserves	**1,432,139**	1,402,155
Total equity	**1,662,298**	1,632,314

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1 BASIS OF PREPARATION

Corporate information

The Company is 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" or the "Stock Exchange"). The principal place of business of the Company 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 The People's Republic of China ("PRC").

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.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEx.

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional/changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amends to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated interim financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

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 of the Company for strategic decision making. The executive directors of the Company consider the business from a product and service perspective. The Group's businesses include commercial factoring business, finance lease business and other financing services 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 the PRC
Other financing services	Finance lease business, financial information service and consultation service in the PRC

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, certain finance costs, exchange (loss)/gain, impairment loss on prepayment for acquisition of Tianjin Guancheng Mei Tong Electronic Commerce Limited ("TJGCMT") 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.

There are no intersegment sales or transfers among the segments.

	For the six months ended 30 June 2023 (Unaudited)		
	Commercial factoring business	**Other financing services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment revenue:			
Revenue from external customers	**36,602**	**2,955**	**39,557**
Segment results	**32,876**	**1,346**	**34,222**
Reconciliation:			
Exchange loss			**(24,399)**
Unallocated bank interest income			**3,913**
Unallocated finance costs			**(4,350)**
Other unallocated expenses			**(5,880)**
Profit before tax			**3,506**
Income tax			**(5,735)**
Loss for the period			**(2,229)**

	As at 30 June 2023 (Unaudited)		
	Commercial factoring business	**Other financing services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Segment assets	**1,214,816**	**21,781**	**1,236,597**
Reconciliation:			
Unallocated corporate assets			**654,126**
Total assets			**1,890,723**
Segment liabilities	**7,609**	**3,078**	**10,687**
Reconciliation:			
Unallocated corporate liabilities			**217,738**
Total liabilities			**228,425**

	For the six months ended 30 June 2022 (Unaudited)		
	Commercial factoring business	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue:			
Revenue from external customers	34,931	4,495	39,426
Segment results	30,693	2,269	32,962
Reconciliation:			
Exchange gain			6,011
Impairment loss on prepayment for acquisition of TJGCMT			(21,000)
Unallocated bank interest income			2,787
Unallocated finance costs			(9,371)
Other unallocated expenses			(3,905)
Profit before tax			7,484
Income tax			(4,753)
Profit for the period			2,731

	As at 31 December 2022 (Audited)		
	Commercial factoring business	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	1,013,100	182,341	1,195,441
Reconciliation:			
Unallocated corporate assets			840,517
Total assets			2,035,958
Segment liabilities	10,082	4,310	14,392
Reconciliation:			
Unallocated corporate liabilities			389,252
Total liabilities			403,644

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**39,557**	39,426

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

4 REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue not within the scope of HKFRS 15		
Interest income from commercial factoring loan receivables	**36,602**	34,931
Revenue within the scope of HKFRS 15		
Financial information service income — at a point in time	**2,955**	4,495
	39,557	39,426
Other income		
Bank interest income	**5,218**	7,052
Others	**3**	21
	5,221	7,073
Other gains and losses		
Exchange (loss)/gain	**(24,398)**	6,011
	(19,177)	13,084

5 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**3,987**	4,050
Retirement benefit scheme contributions	**341**	455
	4,328	4,505
Depreciation of property, plant and equipment	**–**	68
Depreciation of right-of-use assets	**583**	618
Expenses relating to short-term leases	**803**	716

6 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank borrowings	**4,190**	14,366
Bonds issued	**353**	1,288
Lease liabilities	**29**	12
	4,572	15,666

7 INCOME TAX EXPENSE

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 six months ended 30 June 2023 and 2022. The PRC Enterprise Income Tax has been provided at the rate of 25% for the six months ended 30 June 2023 and 2022 on the estimated assessable profits arising in Mainland China during the periods.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
— the PRC	**5,142**	4,309
Deferred tax	**593**	444
Total tax expense for the period	**5,735**	4,753

8 (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation	**(2,229)**	2,731

	For the six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**2,701,123**	2,701,123

Diluted (loss)/earnings per share is not presented as the Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2023 and 2022.

9 TRADE AND LOAN RECEIVABLES

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Trade and loan receivables		
Commercial factoring loan receivables *(Note (a))*	**1,045,216**	929,281
Other trade receivables *(Note (b))*	**50**	22
	1,045,266	929,303
Provision for expected credit loss ("ECL")	**(10,452)**	(8,068)
	1,034,814	921,235

Notes:

(a) For commercial factoring loan receivables arising from the Group's commercial factoring business, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 90 to 360 days (31 December 2022: 90 to 360 days). The effective interest rate of the commercial factoring loans was 8% per annum as at 30 June 2023 (31 December 2022: 8% to 12%).

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

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Not yet matured	**1,045,216**	929,281
Provision for ECL	**(10,452)**	(8,068)
	1,034,764	921,213

As at 30 June 2023 and 31 December 2022, none of the Group's loan receivables were past due.

(b) For other trade receivables arising from other financing services, customers are obliged to settle the amounts according to the terms set out in the relevant contracts. As at 30 June 2023 and 31 December 2022, none of the Group's other trade receivables were past due.

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Prepayment for acquisition of TJGCMT	**576,000**	576,000
Deposits	**203**	203
Other prepayments	**112**	583
Other receivables	**9,589**	8,578
	585,904	585,364
Impairment loss on prepayment for acquisition of TJGCMT	**(208,000)**	(208,000)
	377,904	377,364

Carrying amount analysed for reporting purpose:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Current assets	**9,904**	9,364
Non-current assets	**368,000**	368,000
	377,904	377,364

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 30 June 2023 and 31 December 2022.

The Group was notified by the People's Bank of China ("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 30 June 2023 and up to the date the Group's condensed consolidated financial statements for the six months period ended 30 June 2023 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 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 was executed by Ms. Du to secure recoverability of the prepayment of RMB576 million. If a 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 30 June 2023, the recoverable amount of the prepayment was estimated to be RMB368 million (31 December 2022: RMB368 million) and no further impairment loss (six months ended 30 June 2022: RMB21 million) was recognised during the six months ended 30 June 2023.

11 TRADE PAYABLES

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

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Over 1 year	**50**	50

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.

12 DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

13 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 and 31 December 2022.

14 EVENT AFTER THE REPORTING PERIOD

There were no significant events affecting the Group after the reporting period up to 31 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the first half of 2023, the Group recorded a profit before tax of RMB3.5 million for the six months ended 30 June 2023 (the "Interim Period") (2022: profit of RMB7.5 million). For the Interim Period, no further impairment loss on prepayment for acquisition of Tianjin Guancheng Mei Tong Electronic Commerce Limited ("TJGCMT") was recognised (2022: RMB21 million). Excluding the impairment, the Group recorded an operating profit of RMB3.5 million (2022: RMB28.5 million), the decrease of which was mainly due to the exchange loss of RMB24.4 million recognised for the Interim Period (2022: exchange gain of RMB6 million). The exchange loss was mainly due to the change in sources for funding the operations of the PRC subsidiaries from bank borrowings obtained through pledging the Company's deposits to surplus funds of the Company, in order to achieve cost savings. During the period from the second half of 2022 through the first half of 2023, the Group repaid domestic bank loans of RMB651 million and released the relevant pledged bank deposits of US$111.7 million. The Company, the functional currency of which is Hong Kong dollars, converted part of the released pledged bank deposits denominated in US dollars into RMB753.62 million and provided such amounts to the PRC subsidiaries, which resulted in the exchange loss of RMB24.4 million for the Interim Period due to the appreciation of the exchange rate of Hong Kong dollars and US dollars against RMB. The Group recorded a loss of RMB2.2 million for the Interim Period (2022: profit of RMB2.7 million). The Board did not recommend the payment of any interim dividend for the Interim Period.

The operations of the Group remained stable, with a slight increase in its revenue from RMB39.4 million for the six months ended 30 June 2022 (the "Corresponding Period") to RMB39.6 million for the Interim Period. Commercial factoring business was the major income source of the Group which contributed around 92% of the operating revenue of the Group during the Interim Period. The Group currently focuses on commercial factoring business to ensure the generation of a stable return for the business of the Group. The Group maintained high-level risk management on new lending and loan receivables during the Interim Period and recorded a provision for expected credit loss ("ECL") of RMB2.4 million for the Interim Period (2022: reversal of RMB1.8 million).

The management also closely monitored the development of other financing services business. During the Interim Period, revenue from other financing services business decreased under the impacts of the market environment and recorded a segment profit of RMB1.3 million (2022: profit of RMB2.3 million).

The Group's long term objective is to become a market-leading comprehensive financial technology services group. The management has kept exploring different new business opportunities so as to grow by developing new businesses, and 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

Since 2023, in the face of the complex and challenging international environment, coupled with the crucial tasks of pursuing steady reform and development in China, the government stayed committed to the general principle of making advances while ensuring stability in order to fully, faithfully and comprehensively apply the new development philosophy. By accelerating the efforts to create a new development paradigm to promote high-quality development, it has striven to give priority to ensuring stable growth, employment and prices. With gradual recovery of the market, production and supply continue to increase, and employment levels and consumer prices are generally stable, which drives the steady growth of per capita income, marking a general upturn in the economy.

According to the preliminary accounting from the National Bureau of Statistics, the gross domestic product for the first half of the year was RMB59,303.4 billion, representing a year-on-year growth of 5.5% computed at constant price, 1.0 percentage point faster than the first quarter.

For the first half of the year, under the prudent monetary policies, financial institutions continued to implement loan support tools for inclusive small and micro enterprises (SMEs), stepping up their efforts to underpin the major areas or bottlenecks of domestic economy, such as inclusive financing, with an aim to achieve "increasing amounts, expanding coverage and reducing prices" in terms of financing support for SMEs and private enterprises. As at the end of June 2023, the balance of loans for inclusive SMEs was RMB27.7 trillion, up 26% year-on-year. The number of credit households granted with inclusive small and micro loans was 59.35 million, with a year-on-year growth rate of 13.3%. In addition, China Loan Prime Rate (LPR) continued to dip, further ratcheting down the financing costs of the real economy. The one-year LPR and five-year LPR were lowered by 10 basis points, facilitating a steady decline of corporate financing costs and personal consumption credit costs. In general, the real economy continued its stable march, with reasonably adequate liquidity and improving credit structures, which had been driving down the financing costs in a stable manner. Financial sectors continued to shore up the economy.

Under the backdrop of the real economy supported by financial sectors, general recovery of demand and targeted inclusive financing policies, supply chain financial institutions played an important role in undergirding the real economy, addressing financing problems for SMEs, boosting the management efficiency of supply chains for core enterprises as well as promoting coordinated development between industry chain and capital chain for the first half of the year. Leveraging on empowerment through digital technologies, in particular, supply chain finance embraced an important stage of development. In the future, supply chain financial institutions will provide high-quality, efficient and secured financial services to foster the development of the real economy by deepening the convergence of asset-digitisation, technology and finance, developing innovative services pattern and tightening risk controls.

Despite the overall environment of supply chain looks optimistic and the weighted average interest rate of new corporate loans falls, the market risks remain at high level, therefore, the Group will remain cautious when engaging in transactions with existing customers and will slow down its plan of tapping into any new market. The operations of the Group's supply chain financial services remains relatively stable with only slight growth.

BUSINESS REVIEW

Gome Xinda Commercial Factoring Co., Limited ("Xinda Factoring"), a wholly-owned subsidiary of the Company, provided prompt and convenient supply chain financial 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 decreased from RMB826 million for the Corresponding Period to RMB782 million for the Interim Period. The Group maintained its average net loan balance at RMB978 million during the Interim Period (2022: RMB843 million), which reflected the growth in the operating scale of commercial factoring business for the Interim Period. During the Interim Period, interest rate charged to commercial factoring borrowers remained stable, and with the slight increase in average net loan balance, revenue from commercial factoring business slightly increased to RMB36.6 million (2022: RMB34.9 million). Commercial factoring business is 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. Commercial factoring business continuously generated stable return to the Group, and it recorded a profit of RMB32.9 million for the Interim Period (2022: RMB30.7 million).

Other than 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. During the Interim Period, other financing services business recorded revenue of RMB3.0 million (2022: RMB4.5 million) and a decrease in segment profit as a result of a decrease in business due to the restrictions imposed by some mobile application stores on the content of applications launched.

The management believes the Group is developing in a stable manner and maintaining the current development strategy will create maximum benefits and higher returns for the Company.

FINANCIAL REVIEW

Results highlights

During the Interim Period, revenue of the Group increased by 0.33% to RMB39.6 million (2022: RMB39.4 million), which was mainly due to the increase in revenue from the commercial factoring business. Revenue from commercial factoring business increased by 4.8% during the Interim Period, amounting to RMB36.6 million (2022: RMB34.9 million). As aforesaid, revenue from other financing services business decreased by RMB1.5 million due to the restrictions imposed by some mobile application stores on the content of applications launched, which partially offset the increase in revenue from the commercial factoring business.

A provision for ECL on trade receivables and loan receivables of RMB2.4 million (2022: reversal of RMB1.8 million) was made during the Interim Period. The increase in provision was made in accordance with Article 28(3) of the "Provisional Measures for the Supervision and Administration of Commercial Factoring Companies in Tianjin" (《天津市商業保理公司監督管理暫行辦法》), which stipulates that the provision for risks made by a commercial factoring company shall not be less than 1% of the closing balance of its financing factoring business. As the Group maintains a high level of risk management and credit control over its commercial factoring business, with no overdue loans, the percentage of provision based on the ECL model was lower than 1% of the closing balance of the factoring business, thus resulting in the provision at 1% for compliance with the aforementioned provisional measures.

As mentioned above, due to the appreciation of the exchange rate of Hong Kong dollars and United States dollars against RMB during the Interim Period, an exchange loss of RMB24.4 million (2022: exchange gain of RMB6.0 million) incurred during the Interim Period.

As a result of the repayment of bank loans and the decrease in interest rates during the Interim Period, bank interest income and finance costs declined. During the Interim Period, bank interest income of RMB5.2 million (2022: RMB7.1 million) and finance costs of RMB4.6 million (2022: RMB15.7 million) were recorded.

Combining the effects above, for the Interim Period, the Group recorded a loss of RMB2.2 million (2022: profit of RMB2.7 million).

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 2023 ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2022 *RMB'000* (Unaudited)
Revenue	**36,602**	34,931
Net operating expenses	**(1,342)**	(5,991)
Operating gains	**35,260**	28,940
(Provision for)/reversal of ECL on loan receivables	**(2,384)**	1,753
Segment results	**32,876**	30,693

As mentioned above, both the demand for factoring loans in the PRC and market interest rate remained stable during the Interim Period. The operation of commercial factoring business of the Group was also stable, with the revenue from commercial factoring business increased by 4.8% (RMB1.7 million) for the Interim Period.

As mentioned above, for the Interim Period, included in net operating expenses, net finance costs, representing bank loan interest less bank interest income, of commercial factoring business decreased by RMB4 million compared with the Corresponding Period, due to repayment of bank loans between the second half of 2022 and the first half of 2023. The management streamlined the operating team and reduced headcount for commercial factoring business in the second half of 2022, which resulted in the decrease in staff cost of RMB0.7 million. Except for this, there was no other material change in operating expenses of commercial factoring business. In addition, as mentioned above, for the Interim Period, the provision for ECL on loan receivables increased by RMB4.2 million compared with the Corresponding Period due to the increase in provision in accordance with requirements under the Measures for the Supervision and

Administration of the Industry. Due to the reasons mentioned above, the segment profit increased to RMB32.9 million for the Interim Period from RMB30.7 million for the Corresponding Period.

The Group takes a consistent and objective approach in analyzing loan qualities so as to assess whether there will be impairment losses on loan 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 ECL 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 loan receivables with reference to the balances of loan receivables of various categories of loans, net of any settlement amounts subsequent to the reporting period.

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

	As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
	Gross balance	**Provision for ECL**	Gross balance	Provision for ECL
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**1,045,216**	**10,452**	929,281	8,068
Special mention	**–**	**–**	–	–
Substandard	**–**	**–**	–	–
Doubtful	**–**	**–**	–	–
Loss	**–**	**–**	–	–
	1,045,216	**10,452**	929,281	8,068

Gross balance of normal loan as at 30 June 2023 increased significantly to RMB1,045.2 million (31 December 2022: RMB929.3 million), which was because gross balance and normal loan balance as at 31 December 2022 was relatively low due to the repayment of loans from certain major customers at the end of 2022.

As at 30 June 2023, the provision for ECL increased to RMB10.5 million (31 December 2022: RMB8.1 million) which was due to the increase in provision in accordance with requirements under the Measures for the Supervision and Administration of the Industry as mentioned above.

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 2023 ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2022 *RMB'000* (Unaudited)
Revenue	**2,955**	4,495
Net operating expenses	**(1,609)**	(2,226)
Operating gains	**1,346**	2,269
Provision for ECL on loan receivables	**–**	–
Segment results	**1,346**	2,269

During the Interim Period, revenue from 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. Since January 2021, financial leasing business was suspended and merged to other financing services business for segment reporting purpose. As mentioned before, under the restrictions imposed by some mobile application stores on the content of applications launched, during the Interim Period, the service fee from referral services was decreased by 34% (RMB1.5 million) compared with the Corresponding Period.

The operating cost of other financing services dropped by RMB0.6 million, which was mainly attributable to the decrease in staff cost.

As a result of the above, the segment profit decreased from RMB2.3 million for the Corresponding Period to RMB1.3 million for the Interim Period.

Key operating data of the Group

	For the six months ended 30 June 2023 *RMB'000* **(Unaudited)**	For the six months ended 30 June 2022 *RMB'000* (Unaudited)
Total return on loans (revenue as % of average gross loan balance)	**7.42%**	8.15%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**1.00%**	1.44%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**0.00%**	0.72%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**N/A**	198.50%

Annual interest rate of commercial factoring business, which generated nearly 92% revenue of the Group, was at 8% for the Interim Period, while it maintained at around 8% to 12% for the Corresponding Period. Total return on loans decreased, which was attributable to the fact that the Group focused on high quality customers with a lower interest rate which also slightly affected return on loans.

As all new loans during the Interim Period were settled on time or remained under normal stage as at 30 June 2023, both allowance to loans ratio and non-performing loan ratio dropped significantly. In addition, during the second half of 2022, loss loans amounted to RMB6.4 million was written off such that the absence of substandard, doubtful and loss loans balance as at 30 June 2023 resulted in 0% non-performing loan ratio and no allowance coverage ratio. The percentage of allowance coverage ratio maintained at over 100% (or not applicable), representing 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 the provision for ECL at a high level.

Provision for ECL

During the Interim Period, as mentioned above, a provision for ECL has been made for commercial factoring business of RMB2.4 million, and the ECL provision as at 30 June 2023 was entirely provided for loan receivables. The movements in provision for ECL on trade and loan receivables are as follows:

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At 1 January	**8,068**	14,487
Impairment allowances recognised	**8,411**	4,501
Impairment loss reversed	**(6,027)**	(6,254)
At 30 June	**10,452**	12,734

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 Beijing Bosheng Huifeng Business Consulting Co., Limited (the "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 30 June 2023 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 PBOC in the PRC. The latest round of communications with the PBOC regarding the application for regulatory approval was made in April 2023, 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. For further details, please refer to note 10 to the Company's unaudited consolidated financial statements for the six months ended 30 June 2023 in this announcement.

Key assumptions

The following key assumptions were adopted in connection with the impairment assessment as at 30 June 2023:

(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

No further impairment loss was recognised during the Interim Period on the following basis:

(1) opening carrying amount of the Prepayment of RMB368 million as at 1 January 2023;

(2) minus the recoverable amount of the Prepayment of RMB368 million which was arrived after taking into account of (i) the estimated disposal proceeds receivable by the Group from the disposal of TJGCMT; and (ii) the estimated value of those assets of Ms. Du used as to guarantee the Prepayment as at 30 June 2023.

The management of the Group considered that the carrying amount of the Prepayment as at 30 June 2023 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 the disposal of 100% equity interest of TJGCMT and the value of Ms. Du's personal assets at that time.

Other balance sheet items

As mentioned above, the Group repaid the bank loans and financed its operations through its own funds. As at 30 June 2023, amount of pledged bank deposits decreased to RMB253.6 million (31 December 2022: RMB430.4 million), such deposit was pledged to secure bank loan of RMB212.5 million (31 December 2022: RMB367.5 million). As at 30 June 2023, original value of pledged bank deposit was USD35.1 million (31 December 2022: USD61.8 million). During the Interim Period, bank loans of RMB155 million have been repaid and the relevant pledged bank deposits of USD26.7 million have been released.

Therefore, the pledged deposits for both bank loans and interest-bearing bank borrowings dropped significantly as at 30 June 2023.

PROSPECT

It is generally noticed that, facing the complicated political and economic landscape and faltering economic recovery around the world, efforts are still needed to fuel the upward trend. Although the domestic economic development is under pressure, China will remain on a positive trajectory over the long run with great resilience, potential and vitality. In the long run, benefiting from enhancing technological innovations and steady promotion of green transition, the consumption market will recover and upgrade gradually. Under such momentum propelling high-quality development, it is expected that China's economy will witness steady growth momentum.

Lately, the State Council Information Office held a press conference regarding 2023 1H financial statistics (2023年上半年金融統計資料新聞發佈會), in which it was pointed out that the People's Bank of China will continue to support the financing for SMEs and private enterprises, implement loan support tools for inclusive SMEs, make good use of loans for supporting agricultural and small enterprises and encourage lending for SMEs and private enterprises by financial institutions. On 1 August 2023, the Notice on Launching the "One Chain, One Policy, One Batch" Financing Promotion Campaign for SMEs (關於開展"一鏈一策一批"中小微企業融資促進行動的通知) (the "Notice") was jointly issued by the Ministry of Industry and Information Technology, the People's Bank of China, the National Administration of Financial Regulation, the China Securities Regulatory Commission and the Ministry of Finance. The Notice indicated that it should continue to improve the convenience and availability of financing support for SMEs, and intensify its efforts in underpinning the development of specialized and sophisticated SMEs that produce new and unique products.

With clear guidance on supply chain economy industry by domestic macroeconomic policies, growing demand for recovery of the real economy and sound monetary policies, the interest rate and costs of supply chain finance industry is expected to develop in a way that is favourable to increase the transaction size. Seizing such opportunity, the Group will continue to focus on technology-based finance as its strategic goal, further explore the integration and development of the meta-universe with the supply chain finance industry, further its support for the real 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, on top of maintaining the stable growth of the existing business of the Company, the management is committed to exploring new business in terms of technology and internet, lest its performance will be hindered by the lack of diversity in business. 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 30 June 2023, the Group's total equity amounted to RMB1,662.3 million (31 December 2022: RMB1,632.3 million), and the pledged deposits balance for bank loans amounted to RMB253.6 million (31 December 2022: RMB430.4 million). As at 30 June 2023, the Group's cash and cash equivalents decreased to RMB220.6 million (31 December 2022: RMB303.1 million). In the opinion of the management, the decrease in cash balance was the result of optimisation of the use of funds, which can improve the profitability of the Group as a financial institution.

During the Interim Period, the Group recorded cash outflow from its operating activities of RMB122.1 million (2022: RMB4.8 million), which was mainly attributable to the increase in trade receivables and loan receivables of RMB116 million. The Group recorded a cash outflow from investing activities of RMB190.2 million (2022: cash outflow of RMB3.5 million), which was due to the release of pledged bank deposits of RMB185 million for bank loans upon the repayment of bank borrowings. The Group recorded a cash outflow from financing activities of RMB177.4 million (2022: RMB15.9 million) as a result of the repayment of principal of bank borrowings of RMB155 million, payment of finance costs and redemption of bonds of RMB17.8 million (equivalent to HK$20 million).

The Group's current ratio as at 30 June 2023 was 6.65 (31 December 2022: 4.1). The Group's gearing ratio, expressed as percentage of total liabilities except tax payable over the Group's total equity was 13.3% (31 December 2022: 24.1%).

The Group has issued an 8-year corporate bond with total principal amount of HK$35 million, HK$15 million was due and settled in 2022, HK$20 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 30 June 2023, the Group's bank borrowings were due within one year and amounted to RMB212.5 million (31 December 2022: RMB367.5 million). All of the Group's bank borrowings bore fixed interest rates. The weighted average effective interest rates on secured bank borrowings for the Interim Period were 3.35% per annum.

As at 30 June 2023, the Group's bank borrowings were denominated in RMB, amounting to RMB212.5 million (31 December 2022: RMB367.5 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 debts when due and finance its daily operational and capital expenditures.

CAPITAL STRUCTURE

During the Interim Report, 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 30 June 2023.

GROUP STRUCTURE

During the Interim Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

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

As at 30 June 2023, the Group had no future plans for material investments or capital assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments as at 30 June 2023 (31 December 2022: nil).

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Group's bank deposits in the amount of RMB253,585,000 (31 December 2022: RMB430,393,000) were pledged to secure banking facilities of the Group. The Group did not have any material contingent liabilities as at 30 June 2023 (31 December 2022: nil).

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 the management have 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.

STAFF AND REMUNERATION

The Group employed 20 employees in total as at 30 June 2023 (31 December 2022: 22). 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 Interim Period, 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.

INTERIM DIVIDEND

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Throughout the six months ended 30 June 2023, the Company had complied with all code provisions set out in the CG Code, except for the deviations disclosed below.

Code provisions C.2.1 and C.2.7 of the CG Code

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. According to code provision C.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. 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 six months ended 30 June 2023. 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 affairs between Mr. Zhou and other non-executive Directors during the six months ended 30 June 2023.

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 set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the 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 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2023 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 2023.

AUDIT COMMITTEE

The Company has established the Audit Committee 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. As at 31 August 2023, the Audit Committee comprised 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 met with the management on 31 August 2023 to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the Group's unaudited interim results and the interim report for the six months ended 30 June 2023, 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 the six months ended 30 June 2023 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 August 2023

As at the date hereof, the executive Director is Mr. Zhou Yafei; and the independent non-executive Directors are Mr. Lee Puay Khng, Mr. Li Liangwen, Mr. Hung Ka Hai Clement and Ms. Wang Wanjun.