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 2023

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 2023 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 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	5	**82,024**	80,219
Other income and other gains and losses	5	**(2,449)**	25,121
Administrative expenses		**(25,185)**	(20,582)
Provision for expected credit loss ("ECL") on trade and loans receivables, net		**(3,405)**	(12)
Finance costs	7	**(4,901)**	(30,238)
Operating profit		**46,084**	54,508
Impairment loss on prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT")	12	**–**	(51,000)
Profit before tax	6	**46,084**	3,508
Income tax expense	8	**(9,087)**	(9,146)
Profit/(loss) for the year		**36,997**	(5,638)
Profit/(loss) for the year attributable to:			
Owners of the Company		**36,997**	(5,638)
Non-controlling interests		**–#**	–
		36,997	(5,638)
		RMB cents	*RMB cents*
Earnings/(loss) per share			
— Basic	10	**1.37**	(0.21)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) for the year	**36,997**	(5,638)
Other comprehensive income for the year:		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**14,883**	85,905
Total comprehensive income for the year	**51,880**	80,267
Total comprehensive income attributable to:		
Owners of the Company	**51,880**	80,267
Non-controlling interests	**–#**	–
	51,880	80,267

\# *Less than RMB1,000*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Prepayment	*12*	**368,000**	368,000
Property, plant and equipment		**31**	31
Right-of-use assets		**627**	1,803
Deferred tax assets		**2,875**	2,033
Total non-current assets		**371,533**	371,867
Current assets			
Trade and loan receivables	*11*	**1,043,488**	921,235
Prepayments, deposits and other receivables	*12*	**2,802**	9,364
Pledged deposits for bank loans		**–**	430,393
Cash and cash equivalents		**284,383**	303,099
Total current assets		**1,330,673**	1,664,091
Current liabilities			
Trade payables	*13*	**50**	50
Other payables and accruals		**5,777**	6,106
Tax payables		**11,617**	10,419
Bank borrowings		**–**	367,500
Bonds issued		**–**	17,789
Lease liabilities		**567**	1,214
Total current liabilities		**18,011**	403,078
Net current assets		**1,312,662**	1,261,013
Total assets less current liabilities		**1,684,195**	1,632,880

	2023	2022
	RMB'000	*RMB'000*
Non-current liability		
Lease liabilities	**–**	566
Total non-current liability	**–**	566
Net assets	**1,684,195**	1,632,314
Equity		
Share capital	**230,159**	230,159
Reserves	**1,454,035**	1,402,155
Equity attributable to owners of the Company	**1,684,194**	1,632,314
Non-controlling interests	**1**	–
Total equity	**1,684,195**	1,632,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 the People's Republic of China ("PRC").

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. 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 current year, 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 periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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

The application of the new and 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 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 losses/gains, impairment loss on prepayment for acquisition of 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.

	Year ended 31 December 2023		
	Commercial factoring business *RMB'000*	**Other financing services** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Revenue from external customers	**75,810**	**6,214**	**82,024**
Segment results	**68,180**	**2,588**	**70,768**
Reconciliation:			
Exchange losses			**(11,447)**
Unallocated bank interest income			**5,911**
Unallocated finance costs			**(4,901)**
Other unallocated expenses			**(14,247)**
Profit before tax			**46,084**
Income tax expense			**(9,087)**
Profit for the year			**36,997**

	At 31 December 2023		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment assets	**1,053,487**	**188,572**	**1,242,059**
Reconciliation:			
Unallocated corporate assets			**460,147**
Total assets			**1,702,206**
Segment liabilities	**10,556**	**2,088**	**12,644**
Reconciliation:			
Unallocated corporate liabilities			**5,367**
Total liabilities			**18,011**

	Year ended 31 December 2023			
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Unallocated items *RMB'000*	Total *RMB'000*
Other segment information:				
Bank interest income	**2,820**	**238**	**5,911**	**8,969**
Depreciation and amortisation	**876**	**290**	**–**	**1,166**
Provision for ECL on trade and loan receivables	**3,405**	**–**	**–**	**3,405**

	Year ended 31 December 2022		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment revenue:			
Revenue from external customers	70,090	10,129	80,219
Segment results	58,380	5,923	64,303
Reconciliation:			
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			(8,174)
Profit before tax			3,508
Income tax expense			(9,146)
Loss for the year			(5,638)

	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
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

	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:				
Bank interest income	7,332	317	7,093	14,742
Finance costs	11,468	11	18,759	30,238
Depreciation and amortisation	912	299	142	1,353
Provision (reversal of provision) for ECL on trade and loan receivables	43	(31)	–	12

Geographical information

(a) Revenue from external customers

	2023 *RMB'000*	2022 *RMB'000*
PRC	**82,024**	80,219

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

(b) Non-current assets

	2023 *RMB'000*	2022 *RMB'000*
PRC	**658**	1,834

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

Information about major customers

Interest income derived from commercial factoring loan receivables individually contributing 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2022 is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Customer A *(note ii)*	**10,541**	*(note i)*
Customer B	**10,526**	*(note i)*
Customer C	**9,979**	*(note i)*
Customer D	**9,704**	*(note i)*
Customer E	**8,861**	*(note i)*

Note i: Revenue from each of the customers was less than 10% of the total revenue of the Group for the year ended 31 December 2022.

Note ii: Revenue derived from a related party of the Group.

5 REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

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

	2023 *RMB'000*	2022 *RMB'000*
Revenue not within the scope of HKFRS 15		
Interest income from commercial factoring loan receivables	**75,810**	70,090
Revenue within the scope of HKFRS 15		
Financial information service income — at a point in time	**6,214**	10,129
	82,024	80,219
Other income		
Bank interest income	**8,969**	14,742
Others	**29**	334
	8,998	15,076
Other gains and losses		
Exchange (losses)/gains	**(11,447)**	10,045
	(2,449)	25,121

6 PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**9,083**	9,037
Retirement benefit scheme contributions	**852**	896
	9,935	9,933
Provision for ECL on trade and loan receivables	**3,405**	12
Impairment loss on prepayment for acquisition of TJGCMT *(note 12)*	**–**	51,000
Auditor's remuneration	**1,100**	1,100
Depreciation of property, plant and equipment	**–**	142
Depreciation of right-of-use assets	**1,166**	1,211

7 FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings	**4,491**	27,502
Bonds issued	**358**	2,694
Lease liabilities	**52**	42
	4,901	30,238

8 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 years ended 31 December 2023 and 2022. The PRC Enterprise Income Tax has been provided at the rate of 25% (2022: 25%) for the year ended 31 December 2023 on the estimated assessable profits arising in the PRC during the year.

	2023	2022
	RMB'000	*RMB'000*
Current tax		
— PRC Enterprise Income Tax	**8,939**	7,819
Under-provision in prior years		
— PRC Enterprise Income Tax	**990**	–
	9,929	7,819
Deferred tax	**(842)**	1,327
Total tax expense for the year	**9,087**	9,146

9 DIVIDENDS

The directors did not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

10 EARNINGS/(LOSS) PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	**36,997**	(5,638)

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**2,701,123**	2,701,123

Diluted earnings/(loss) per share is not presented as the Company does not have any dilutive potential ordinary shares for the years ended 31 December 2023 and 2022.

11 TRADE AND LOAN RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade and loan receivables		
Commercial factoring loan receivables *(note (a))*	**1,054,831**	929,281
Other trade receivables *(note (b))*	**130**	22
	1,054,961	929,303
Provision for ECL	**(11,473)**	(8,068)
	1,043,488	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 ranged from 90 to 360 days (2022: 90 to 360 days). The effective interest rates of the commercial factoring loans ranged from 7.5% to 12% (2022: 8% to 12%) per annum as at 31 December 2023.

As at 31 December 2023, the commercial factoring loan receivables with aggregate carrying amounts of RMB1,054,831,000 (2022: RMB929,281,000) were collateralised by the customers' accounts receivables with aggregate fair values of approximately RMB1,123,474,000 (2022: RMB949,765,000).

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:

	2023	2022
	RMB'000	*RMB'000*
Not yet matured	**1,054,831**	929,281
Provision for ECL	**(11,473)**	(8,068)
	1,043,358	921,213

None of the Group's loan receivables were past due for both years.

(b) For other trade receivables arising from other financial services, customers are obliged to settle the amounts according to the terms set out in the relevant contracts and none of the Group's other trade receivables were past due for both years.

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Prepayment for acquisition of TJGCMT *(note)*	**576,000**	576,000
Deposits	**203**	203
Other prepayments	**762**	583
Other receivables	**1,837**	8,578
	578,802	585,364
Impairment loss on prepayment for acquisition of TJGCMT	**(208,000)**	(208,000)
	370,802	377,364
Carrying amounts analysed for reporting purpose:		
Current assets	**2,802**	9,364
Non-current assets	**368,000**	368,000
	370,802	377,364

Note:

As disclosed in the Company's circular dated 29 June 2017, Gome Xinda Commercial Factoring Limited, a subsidiary of the Group, entered into a loan agreement 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, 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, namely 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 (the "Transaction"). RMB576 million was paid by the Company to OPCO according to the aforesaid agreements and was recorded as prepayment under current assets in 2018 and was then reclassified as non-current assets since 2019.

According to the Transfer Agreement, the Transaction will only be considered as complete upon the change of actual controller of TJGCMT and such approval process is still under the review of the People's Bank of China ("PBOC") or its affiliated institutions and the change of actual controller of TJGCMT has not been completed as at 31 December 2023 and up to the date of this announcement.

Taking into account the uncertainty about the estimated time it will take for PBOC to complete the approval process and the change of actual controller of TJGCMT, and also the overall macro environment in the PRC, a personal guarantee was offered and executed by Ms. Du (the "Guarantee") to guarantee the recoverability of the prepayment of RMB576 million on 23 March 2022. Pursuant to the Guarantee, Ms. Du undertook to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT if the Group, through OPCO, notify the Sellers to terminate the Transaction on or before 30 June 2024 and Ms. Du will make good any shortfall with the shares of the Company beneficially owned by her to the Group on or before 31 December 2024 if the Seller/OPCO could not return the prepayment to the Group within 10 days from the date of notification.

Subsequent to 31 December 2023, on 25 March 2024, a new personal guarantee (the "New Guarantee") was offered by Mr. Wong Kwong Yu ("Mr. Wong"), spouse of Ms. Du, to guarantee the recoverability of the prepayment of RMB576 million. Pursuant to the New Guarantee, Mr. Wong undertakes to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT ("Disposal Action"). If the Company decides to terminate the Transaction and cannot receive the proceeds resulting from the Disposal Action on or before 31 December 2025, Mr. Wong will make good any shortfall with his personal assets to the Group on or before 31 December 2026. The New Guarantee has become effective and replaced the Guarantee upon the signing date (i.e. 25 March 2024) and the Guarantee shall automatically became void upon taking effect of the New Guarantee.

Given the abovementioned facts and circumstances and with the information currently available to the Group, the directors of the Company has decided to give some more time to wait for the Transaction to be completed. The directors of the Company has also performed an impairment assessment in respect of the recoverability of the Group's prepayment of RMB576 million to the OPCO. The impairment assessment performed by the management of the Group was based on a scenario analysis described below.

The recoverable amount of the prepayment for the year ended 31 December 2022 was determined based on (i) the net assets value of TJGCMT; and (ii) the market value of the shares of the Company beneficially owned by Ms. Du which she used to guarantee the prepayment as at 31 December 2022.

The recoverable amount of the prepayment for the year ended 31 December 2023 has been determined based on (i) the valuation performed by an independent valuer, in relation to the estimated value of TJGCMT as at 31 December 2023; and (ii) the market value of those personal assets of Mr. Wong which he used to guarantee the prepayment as at 31 December 2023.

For the year ended 31 December 2023, as the recoverable amount of the prepayment is higher than its carrying amount as at 31 December 2023, the directors of the Company considered that no impairment of prepayment would be recognised (2022: impairment loss of RMB51,000,000) in profit or loss.

13 TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Over 1 year	**50**	50

OVERVIEW

During the year ended 31 December 2023 (the "Year"), the Group recorded a profit before tax of RMB46.1 million, representing an increase of RMB42.6 million as compared to RMB3.5 million in the previous year, mainly due to the combine effect of the following reasons: (i) the Group's core business, commercial factoring business, steadily expanded the scale of loans, and the revenue from commercial factoring business increased from RMB70.1 million for the year ended 31 December 2022 (the "Corresponding Year") to RMB75.8 million for the Year, representing an increase of RMB5.7 million and 8.16% in revenue; (ii) the Group change its sources of 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 to 31 December 2023, the Group repaid domestic bank loans of RMB863.5 million and released the relevant pledged bank deposits of US$146.8 million. Due to the reduction of external borrowings, the net finance costs, i.e. bank loan interest minus bank interest income, decreased by RMB19.6 million as compared to 2022; (iii) the functional currency of the Company is Hong Kong dollars and the Company converted part of the released pledged bank deposits from United States dollars to RMB946.2 million for lending to the PRC subsidiaries. Exchange loss increased by RMB21.4 million due to the appreciation of HK$ and USD against RMB; (iv) administrative expenses increased by RMB4.6 million, which was mainly due to the increase in legal and professional expenses in relation to the proposed acquisition of CashBox Group Technology (Hong Kong) Limited (the "Cashbox"), a company incorporated in Hong Kong with limited liability which is principally engaged in game development and publishing business (the "Proposed CashBox Acquisition"), details of which were disclosed in the announcements of the Company dated 16 October 2023 and 24 January 2024; and (v) during the Year, no further impairment loss (2022: RMB51 million) was recognised in respect of the prepayment for acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT"). During the Year, the Group recorded a profit after taxation of RMB37 million (2022: a loss after taxation of RMB5.6 million). As the Company has a large amount of accumulated losses and due to enhancement of its business competitiveness, the Company will continue to seek more development opportunities for external expansion while actively expanding its existing financial services business. The Board does not recommend the payment of any dividend for the Year.

As mentioned above, during the Year, the Group repaid bank borrowings and used the Company's own funds as working capital, resulting in a decrease in gearing ratio and more sufficient working capital, and the commercial factoring business steadily expanded the scale of loans. Commercial factoring business was the major income source of the Group which contributed 92% of the operating revenue of the Group during the Year, 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. During the Year, the Group paid more attention to the quality of well-known customers in the commercial factoring industry and focused on high-quality customers, and correspondingly increased the scale of lending to high-quality customers. As a result, the number of customers for the Year decreased as compared to the Corresponding Year but the scale of loans increased. During the Year, the Group exercised stringent risk management control over new lending and loans receivables, did not have any new overdue scale and recorded a provision for expected credit losses ("ECL") of RMB3.4 million during the Year (2022: RMB43,000). As a result, profit from commercial factoring business increased from RMB58.4 million in 2022 to RMB68.2 million in 2023.

The management closely monitored the development of other financing services. During the Year, the other financing services business was affected by the restrictions imposed by some mobile application stores on the content of applications launched. Its profit decreased and recorded a segment profit of RMB2.6 million (2022: a profit of RMB5.9 million).

The Group's long term objective is to become a market-leading comprehensive financial technology services group. The management 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 keep the Group to develop steadily.

INDUSTRY ENVIRONMENT

In 2023, the world economy continued to struggle to recover from the impact of negative factors such as the Ukraine crisis, however, risk factors such as the lack of momentum, unstable economic growth, escalating polarization among countries, and intensified geopolitical conflicts have casted a shadow on the prospects of economic growth worldwide. Facing the complex and severe external environment, China's economy has demonstrated strong resilience and huge potential. It has coordinated efforts to expand domestic demand and optimize supply, persisted in opening up to the outside world, and has made effective macroeconomic control policies, which effectively promoted economic recovery and achieved a GDP of over RMB126 trillion, representing a year-on-year increase of 5.2%.

In 2023, China's monetary and credit policies provided steady support for the real economy. Monetary policy was "flexible and appropriate" through the "matching" efforts, and was "precise and effective" through stock revitalization and structural optimization. The loan investment structure continued to be optimized, and credit services have improved the quality and efficiency. The "2023 Financial Statistics Report" released by the People's Bank of China shows that new loans reached RMB22.75 trillion in 2023, an increase of RMB1.31 trillion year-on-year, while at the end of 2023, the broad Money Supply (M2) and aggregate financing to real economy increased by 9.7% and 9.5% year-on-year respectively.

In 2023, under the prudent monetary policy, financial institutions continued to provide inclusive credit loan supporting vehicles, and continued to increase support for key areas and weaker links in the national economy such as inclusive finance, and achieved "increased quantity, expansion of coverage, and price discount" of financing for SME and private enterprises. At the end of June 2023, the balance of inclusive credit loans was RMB27.7 trillion, representing a year-on-year increase of 26%. The number of inclusive SME debtors was 59.35 million, representing a year-on-year increase of 13.3%. Meanwhile, interest rates for loan in China continued to fall slightly, driving corporate financing and residents' credit costs to fall steadily. Overall, the real economy has maintained stable operation, liquidity is reasonably abundant, the credit structure continued to be optimized, financing costs for the real economy are dropping steadily, and financial support for the economy continued to be strengthened.

In the second half of 2023, the State intensively introduced a number of policies to encourage the development of supply chain finance. The government announced the "Notice on Strengthening Financial Support Measures to Aid the Development and Growth of the Private Economy (《關於強化金融支持舉措助力民營經濟發展壯大的通知》" and the "Guiding Opinions on Accelerating the Digitalization of Living Services (《關於加快生活服務數字化賦能的指導意見》)", which clearly requires active development of financial services for industrial chains and supply chains, and the continued increment and expansion of inclusive credit loans. The overall environment of the supply chain finance industry is improving. Currently, the Company mainly cooperates with long-term cooperating customers. On this basis, it continues to explore the deep-seated needs of customers and actively seeks new business and profit growth point.

In 2023, the Company actively looked for opportunities to generate more revenue and expanded into the gaming industry, and is advancing the Proposed CashBox Acquisition. According to data reports, the total revenue of the global gaming market reached USD184 billion (approximately RMB1.31 trillion) in 2023, an increase of 0.6% year-on-year, of which mobile game revenue reached USD76.7 billion. It is expected that the global mobile game revenue will return to uptrend in 2024, which is entering a new round of development cycle. The Company hopes to take this opportunity to boost business growth and bring new momentum into the Company's development.

BUSINESS REVIEW

Gome Xinda Commercial Factoring Limited ("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 offline services. Since 2021, the Group started to grant longer loan period to certain high-quality customers in order to increase its 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 RMB1.96 billion in 2022 to RMB1.53 billion in 2023. The Group's average net loan balance increased to RMB1.01 billion in 2023 (2022: RMB890 million), indicating that the operating scale of the commercial factoring business has expanded in 2023. During the Year, the interest rates charged to commercial factoring borrowers remained stable, the average net loan balance recorded an increase, and revenue from the commercial factoring business increased to RMB75.8 million (2022: RMB70.1 million). The commercial factoring business is the cornerstone in the future development of the Group as the business has a well-established risk management system and has maintained steady growth despite various negative factors in the external environment. During the Year, the Group paid more attention to the quality of well-known customers in the commercial factoring industry and focused on high-quality customers, and correspondingly increased the scale of lending to high-quality customers. As a result, the number of customers for the Year decreased as compared to the Corresponding Year but the amount of loans increased. The commercial factoring business continued to generate stable returns for the Group, recording a profit of RMB68.2 million during the Year (2022: RMB58.4 million).

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 has mainly provided operating services for a financial services App and provided customer referral services to financial institutions through operating the App. During the Year, other financing services business recorded revenue of RMB6.2 million (2022: RMB10.1 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.

Credit policies and credit approval procedures

The Group has established its own credit policies and credit approval procedures for loan applications and loans granted. The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The Board and/or the designated executive Director and/or the designated senior management will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts.

The business department of the Group (the “Business Department”), the members of which are front-line sales representatives who would stay abreast of the latest market and borrowers’ status and conditions, will evaluate credit risk of the borrowers based on its assessment and analysis of the loan applications and the internal risk review system as approved by the Board principally with reference to their financial performance, nature and size of business, the business relationship with the Group, credit policy, repayment history, repayment ability, value and recoverability of collateral or other security. The Business Department will then pass its due diligence findings and the key terms of a loan tentatively set by the Business Department including the principal amount, interest rate, security arrangements and tenure of the loans to the risk audit department of the Group (the “Risk Audit Department”).

The Business Department will not accept a loan application if a borrower and/or the security do not meet the Group’s requirements based on the results of its due diligence finding including the repayment history and default risk of a borrower.

The Risk Audit Department will review and analyse the credit approval form presented by the Business Department and may ask for further information and documents from the borrower if considered necessary. The Risk Audit Department may also review other records of the borrower, such as past loan applications and outstanding loans with the Group. With regard to those borrowers and security for loans which meet the Group’s basic requirements, the Risk Audit Department will tentatively assess the key terms of all loans. All loans will then be reviewed and confirmed by the finance department of the Group (the “Finance Department”). If the amount of the loan exceeds a certain threshold, the Risk Audit Department will then present the credit approval form to the designated executive Director or senior management which sets out its recommendations on the key terms of the loans for the designated executive Director’s or senior management’s review and approval.

Once a loan application has been approved, a loan agreement will be entered into between the Group and the borrower. After signing of the loan agreement and the meeting of other conditions, such as the transfer of an accounts receivable, the Finance Department will then be responsible for transferring the funds to the borrower.

During the Year, the credit period granted for commercial factoring loans ranged from 90 to 360 days (2022: 90 to 360 days) with effective interest rates ranging from 7.5% to 12% (2022: 8% to 12%) per annum as at 31 December 2023. The gross trade and loan receivables as at 31 December 2023 were RMB1.05 billion (2022: RMB930 million). Trade and loan receivables from the Group's largest customer accounted for 15.6% (2022: 2.2%) of the Group's total gross trade and loan receivables as at 31 December 2023. The trade and loan receivables of Group's five largest customers accounted for 71.5% (2022: 45.7%) of the Group's total gross trade receivables and loan receivables as at 31 December 2023. During the Year, the revenue attributable to the Group's largest customer accounted for 12.9% (2022: 7.4%) of the Group's total revenue and the revenue attributable to the Group's five largest customers accounted for 60.5% (2022: 29.2%) of the Group's total revenue. The customer development strategy of the Group will be deeply explored from the existing customer channels to the upstream and downstream, and more attention will be paid to customer quality, and customer risks will be assessed through comprehensive factors such as customer scale and strength. Although the number of customers decreased, the concentration was higher. The overall credit risk of the Group was reduced by the quality enhancement of a each single customer.

None of the Group's trade and loan receivables were past due for both years.

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

FINANCIAL REVIEW

Results highlights

During the Year, revenue of the Group increased by 2.24% to RMB82.0 million (2022: RMB80.2 million), which was mainly due to the increase in revenue from commercial factoring business. Commercial factoring business of the Group recorded revenue of RMB75.8 million during the Year (2022: RMB70.1 million). The Group's average net loan balance increased from RMB890 million in 2022 to RMB1.01 billion in 2023. As aforesaid, revenue from other financing services business decreased by RMB3.9 million from RMB10.1 million in 2022 to RMB6.2 million in 2023, 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.

During the Year, provisions for ECL on trade and loan receivables was RMB3.4 million (2022: RMB12,000), the increase in provision was due to the increase in loan balances as at 31 December 2023 by RMB125.6 million compared with that as at 31 December 2022.

Administrative expenses of the Group increased by RMB4.6 million, which was mainly due to (1) increase in legal and professional fees for the Proposed CashBox Acquisition by RMB2.2 million; (2) increase in relevant withholding taxes borne in accordance to the taxation laws in China by approximately RMB2.2 million as the interest on the Company's operating capital borrowings by the Chinese subsidiaries became due.

As changes in sources of funding mentioned above, the Group repaid all the bank borrowings and released all pledged deposit during the Year. As a result, bank interest income and interest expenses on bank borrowings for the Year decreased by RMB5.7 million and RMB23 million respectively as compared to the Corresponding Year.

The functional currency of the Company is Hong Kong dollars ("HK$"), converted part of the released pledged bank deposits denominated in USD into RMB946.2 million and provided such amounts to its PRC subsidiaries, which resulted in the exchange loss of RMB11.4 million (2022: exchange gain of RMB 10.0 million) for the Year due to the appreciation of the exchange rate of HK$ and USD against RMB. The exchange loss resulted in a decreased of RMB21.4 million in the other income and other gains and losses.

Combining the effects above, during the Year, the Group recorded operating profit of RMB46.1 million (2022: operating profit of RMB54.5 million). The Group recorded a profit after tax of RMB37 million during the Year (2022: loss after tax of RMB5.6 million).

Commercial factoring business

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

	For the year ended 31 December 2023	For the year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue	**75,810**	70,090
Net operating expenses	**(4,225)**	(11,667)
Operating earnings	**71,585**	58,423
Provision for ECL of loans receivables	**(3,405)**	(43)
Segment results	**68,180**	58,380

As mentioned above, revenue from the commercial factoring business increased by 8.16% (RMB5.7 million) during the Year, mainly due to the increase in average net loan balance.

As abovementioned, due to the repayment of bank loans between the second half of 2022 and 2023, net finance cost of the commercial factoring business during the Year (included in net operating expenses), representing bank loan interest less bank interest income, decreased by RMB7 million as compared to 2022. Apart from this, there were no other significant changes in the operating expenses of the commercial factoring business. In addition, as mentioned above, due to the increase in the loan balance, the provision for ECL on loans receivable during the Year increased to RMB3.4 million. Due to the above reasons, profit of the segment increased from RMB58.4 million in 2022 to RMB68.2 million in 2023.

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 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 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 loans receivables of the Group's commercial factoring business by five categories of classification.

	31 December 2023		31 December 2022	
	Gross balance	**ECL provision**	Gross balance	ECL provision
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**1,054,831**	**11,473**	929,281	8,068
Special mention	**–**	**–**	–	–
Substandard	**–**	**–**	–	–
Doubtful	**–**	**–**	–	–
Loss	**–**	**–**	–	–
	1,054,831	**11,473**	929,281	8,068

Gross balance of normal loan as at 31 December 2023 increased significantly to RMB1,054.8 million (as at 31 December 2022: RMB929.3 million), which was due to the increase of loan amount as a result of sufficient working capital.

As at 31 December 2023, the balance of the provision for ECL increased to RMB11.5 million (31 December 2022: RMB8.1 million) due to the abovementioned increase in loan balance.

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 2023	For the year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue	**6,214**	10,129
Net operating expenses	**(3,626)**	(4,237)
Operating earnings	**2,588**	5,892
Reversal for ECL of loans receivables	**–**	31
Segment results	**2,588**	5,923

During the Year, 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. As mentioned above, due to some mobile application stores restricting the content of applications (Apps) they offered, service fee from referral services decreased by 38.65% (RMB3.9 million) during the Year.

Operating cost of other financing services for the Year decreased significantly by RMB600,000, mainly contributed by the decrease in staff cost.

As a result of the above, segment profit decreased from RMB5.9 million for 2022 to RMB2.6 million for 2023.

Key operating data of the Group

	For the year ended 31 December 2023	For the year ended 31 December 2022
Total return on loans (income as % of average gross loan balance)	**7.49%**	7.86%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**1.09%**	1.05%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**0.00%**	0.00%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**N/A**	N/A

The total return on loans decreased slightly during the Year, mainly because the People's Bank of China continued to lower the loan prime rate (LPR) in recent years, and the commercial factoring business, which generated 92% revenue of the Group, lowered the loan interest rate for customers based on market conditions during the Year. The annual interest rate of commercial factoring business was maintained at around 7.5% to 12% in both 2022 and 2023. Since 2021, the Group had focused on high quality customers with a lower interest rate which also slightly affected return on loans.

All new loans during the Year were settled on time or remained under normal stage as at 31 December 2023, and loss loans amounted to RMB6.4 million was written off during the second half of 2022, the absence of substandard, doubtful and loss loans balance as at 31 December 2022 and 31 December 2023 resulted in 0% non-performing loan ratio and no allowance coverage ratio.

Provision for ECL

As mentioned above, a provision for ECL of RMB3.4 million was made for the commercial factoring business during the Year, and as of 31 December 2023, all provisions for ECL were made for loan receivables. The movements in provision for ECL of trade and loan receivables are as follows:

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
As at 1 January	**8,068**	14,487
Provisions of the Year	**11,473**	8,114
Reversal of the Year	**(8,068)**	(8,102)
Write-off	**–**	(6,431)
As at 31 December	**11,473**	8,068

Valuation of the corresponding equity value of prepayment for acquisition

Beijing Bosheng Huifeng Business Consulting Co., Limited ("OPCO") agreed to acquire 100% equity interest in TJGCMT (the "Acquisition") from Tibet Yang Guan LLP and Mr. Mao Deyi (together the "Sellers") pursuant to an equity transfer agreement dated 25 July 2017 (the "Transfer Agreement"). 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 2017 (the "Loan Agreement") and was recorded as a prepayment by the Group (the "Prepayment") under non-current assets since 2019. Details of the Acquisition and the Loan Agreement are set out in the Company's circular dated 29 June 2017.

As at 31 December 2023 and up to the date when the Group's consolidated financial statements for the year ended 31 December 2023 were authorised for issue, approval of the People's Bank of China (the "PBOC") for the Acquisition has not yet been obtained for the Acquisition. As of 31 December 2023 and 31 December 2022, the Group advanced RMB576,000,000 to the OPCO as prepayments under non-current assets.

In the second half of 2022, TJGCMT entered the licence renewal period of its payment business licence (the "Licence") and the PBOC has suspended the approval process of the acquisition of TJGCMT, and the application materials were returned. In January 2023, the TJGCMT Group successfully obtained the renewal of the Licence, which is valid until January 2028. In April 2023, the Group submitted new approval materials to the PBOC related to the Acquisition, maintaining contact with the PBOC, and continued to revise the application materials in accordance with the requirements of the PBOC. On 9 December 2023, the Regulations on the Supervision and Administration of Non-bank Payment Institutions (非銀行支付機構監督管理條例), the State Council of the People's Republic of China Order No. 768, was officially announced. According to the notice of the People's Bank of China, the new regulations will be officially implemented on 1 May 2024. Article 59 of the new regulations provides that "The transitional measures for non-bank payment institutions established in accordance with the relevant regulations before the implementation of the regulations shall be prescribed by the People's Bank of China." During the transitional period, the Group has suspended the application, and will conduct re-submission for the approval according to the more specific requirements of the PBOC upon the formal implementation of the new regulations.

According to the Transfer Agreement, if the transfer of the equity interest in TJGCMT is not completed eventually, the Group has the right to require the Sellers to return the paid equity transfer price in accordance with the provisions of the Transfer Agreement, subject to the rights and obligations of the parties under the Transfer Agreement and limitation of action. In addition, the Sellers are natural persons or fund companies, and it has been a long time since the Sellers received the equity transfer price paid by OPCO. There is significant uncertainty as to whether they will have sufficient financial ability to return the equity transfer price. The Group believes that the immediate termination of the Acquisition may expose the Group to significant losses.

Since TJGCMT has completed the license renewal, the Group will resubmit the materials for approval after the new regulations are officially implemented. The promulgation of the Regulation on the Supervision and Administration of Non-Banking Payment Institutions (非銀行支付機構監督管理條例) is expected to give more certainty to the PBOC's approval timetable. In addition, the Group will have more business scenarios to provide more user base and economic value for TJGCMT and its third-party payment platforms in the future. At the same time, the Group will also effectively reduce costs and obtain more traffic resources through self-operated payment channels. The Board considers that TJGCMT will play a crucial role in the business development of the Group. It will continue to promote the completion of the Acquisition in 2024, which will bring more development opportunities and synergies to the Group and is in the interests of the Group and all Shareholders.

On 23 March 2022, Ms. Du executed a personal undertaking to guarantee the recoverability of the Prepayment. In the event that the Group decides to terminate the Acquisition and fails to recover the full refund from the Sellers or through the disposal of the entire equity interest in TJGCMT on or before 30 June 2024, Ms. Du undertook to make up any shortfall with the equity shares of the Company beneficially owned by her to the Group on or before 31 December 2024.

On 25 March 2024, a new personal undertaking was made by Mr. Wong Kwong Yu ("Mr. Wong"), spouse of Ms. Du (the "Wong's Undertaking") to undertake the recoverability of the Prepayment. Pursuant to the equity transfer agreement, if the transaction of the equity cannot be completed, Mr. Wong undertook to request full refund either from the Sellers or through disposal of entire equity interest of TJGCMT pursuant to the Wong's Undertaking (the "Disposal Action"). If the Group cannot receive the proceeds from the Disposal Action on or before 31 December 2025, Mr. Wong will procure to make good any shortfall with his personal assets to the Group on or before 31 December 2026. The Wong's Undertaking became effective and replaced the original undertaking by Ms. Du which has been terminated. The directors of the Company (the "Directors") are of the view that the entering into of the Wong's Undertaking by Mr. Wong will bring greater confidence to the Company and push forward the Transaction to proceed.

At the Board meeting in March 2024, the Directors considered the status of the Transaction, in particular, whether the Company should continue to accept the uncertainty of further pending approval, instead of deciding to terminate the Transaction and requesting immediate return of the prepayment of RMB576,000,000. Apart from this, taking into account the management's latest view on the commercial rationale of the acquisition, the strategic value of the acquisition to the Group, and that the expected promulgation of new administrative regulations in 2024 will bring more certainty to the acquisition, the Directors are of the view that it is in the interests of the shareholders that the Company should continue to actively promote the approval procedure of the Acquisition, failing which a final review of the Board by 31 December 2025, at which time, if the Transaction cannot still be completed, the Company may cancel the Transaction and seek alternative opportunities.

Given the abovementioned facts and circumstances and with the current available information, the Directors have performed an impairment assessment on the equity value corresponding to the prepayments made by the Group to OPCO as at 31 December 2023. Since the estimated recoverable amount of the prepayment was larger than its carrying amount, the Directors considered that no impairment of prepayment would be recognised (2022: impairment loss of RMB51,000,000). For details, please refer to note 12 to the consolidated financial statements in this announcement.

Other balance sheet items

As mentioned above, the Group has repaid bank loans and used its own funds for operations. In 2023, the Group has repaid bank loans of RMB367.5 million and released related pledged bank deposits of USD61.8 million. As of 31 December 2023, the Group had repaid all bank loans and had no outstanding bank loans (31 December 2022: RMB367.5 million). As of 31 December 2023, the Group had no pledged bank deposit (31 December 2022: RMB430.4 million).

As a result, as at 31 December 2023, pledged deposits for both bank loans and interest-bearing bank borrowings have decreased significantly to zero.

PROSPECTS

In regards to the overall international economic development trend, on 30 January 2024, the International Monetary Fund ("IMF") released the latest "World Economic Outlook", which estimates the global growth rate in 2024 at 3.1%, an increase from 2023, due to stronger than expected resilience in the United States and certain large emerging market and developing economies, as well as fiscal support from China. IMF further pointed out that in an environment of slowing inflation and stable growth, the possibility of a hard landing has been reduced, the risks to global growth are generally balanced, and the economy is likely to achieve a soft landing.

Looking forward to China's economic development in 2024, the external environment may improve. On the basis of the cycle of driving force reversal and the gradual accumulation of new momentum, the effects of such policies to stabilize growth will continue to be seen, while domestic demand is expected to continue to recover, the macro-economy shall enter a new equilibrium, and China's economy will recover steadily in 2024.

On 20 February 2024, the People's Bank of China authorized the National Interbank Funding Center to announce that the 1-year LPR remained unchanged at 3.45%, while the 5-year and above LPR was 3.95%, 25 basis points lower than the previous value. It is expected that relaxed financing environment will inject vitality into the development of the national economy, and create opportunities for the development of the Group.

The Central Economic Work Conference at the end of 2023 proposed to "implement high-quality development actions for key manufacturing industrial chains, strengthen quality support and standardize guidance, and improve the resilience and safety level of industrial and supply chains." The Group will further optimize supply chain financial services operation, and strengthen financing services and support provided to upstream and downstream enterprises along the supply chain. The Central Financial Work Conference made it clear that it is essential to "make an effort on the five major categories, namely, technology finance, green finance, inclusive finance, pension finance, and digital finance", and "efforts must be made to build modernized financial institutions and market systems to unblock the channels for funds to enter the real economy." The Group will further explore the integration and development path of emerging technology industries and supply chain financial industry, continue to further support the real economy and private entities, and leverage on financial services to support the overall high-quality development.

In addition, the Company is advancing the Proposed CashBox Acquisition subject to, among others, the approval of the Company's independent shareholders. The management expects to, through the Proposed CashBox Acquisition, rely on the large and multi-regional user resources of CashBox, combining with the Company's advantages in internet technology, to create synergies for the Group's business. The management believes that the Proposed CashBox Acquisition will enable the Group to diversity its business, expand its income stream and maximise returns for the shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound and its share capital and working capital have solid foundation. As at 31 December 2023, the Group's total equity was RMB1,684.2 million (31 December 2022: RMB1,632.3 million). As at 31 December 2023, the Group's cash and cash equivalents slightly decreased to RMB284.4 million (31 December 2022: RMB303.1 million). As a financial institution, the management believes that the decrease in cash balance indicates a better use of funds to improve the Group's profitability.

During the Year, the Group recorded cash outflows from operating activities of RMB84.2 million (2022: RMB21.7 million), which is mainly due to increase in trade and loan receivables by RMB125.7 million, and partly offset by operating profit and decrease in prepayment, deposit and other receivables of RMB6.6 million. The Group recorded cash inflow from investing activities of RMB443.2 million (2022: RMB585.6 million), which was due to the release of pledged bank deposits from bank loans of RMB434.2 million upon repayment of bank borrowings. The Group recorded a cash outflow from financing activities of RMB391.7 million (2022: RMB527.6 million), which was due to the repayment of bank borrowings of RMB367.5 million and redemption of bonds of RMB17.8 million (equivalent to HKD20 million).

As at 31 December 2023, the Group's current ratio was 73.9 (31 December 2022: 4.1). As at 31 December 2023, the Group's gearing ratio (i.e., total liabilities less tax payable, divided by the Group's total equity as a percentage) was 0.38% (31 December 2022: 24.10%) because the bank borrowings were fully repaid and bond with principal amount of HKD20 million which carried interest at fixed rate of 7.0% per annum was fully redeemed during the Year.

The Group had no particular seasonal pattern of borrowings. As at 31 December 2023, the Group's has no bank borrowings (31 December 2022: RMB367.5 million). The Group's bank borrowings were all made at fixed interest rates. In 2023, the weighted average effective interest rates on secured bank borrowings were 3.35% per annum (2022: 3.35% to 3.45% per annum).

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

CAPITAL STRUCTURE

During the year ended 31 December 2023, 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 2023 and 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 October 2023, the Company and Mega Bright Capital Resources Limited ("Mega Bright") entered into an agreement, pursuant to which Mega Bright conditionally agreed to sell, and the Company conditionally agreed to acquire, 100% of the issued share of GOME Faith International Investment Limited (國美信國際投資有限公司) ("GOME FIIL") at the consideration of HK$174.8 million, which would be satisfied by the issue of 2,185,286,341 new shares of the Company, by the Company to Mega Bright at completion. GOME FIIL indirectly owns 47.7% equity interest in CashBox.

On 16 October 2023, the Company and Hongkong Mingrun Business Co., Limited (香港銘潤商貿有限公司) ("Mingrun Business") entered into an agreement, pursuant to which Mingrun Business conditionally agreed to sell, and the Company conditionally agreed to acquire, 3.3% of the issued shares of CashBox at the consideration of HK$25.2 million, which would be satisfied by the issue of 314,713,659 new shares of the Company, by the Company to Mingrun Business at completion.

Immediately after completion, GOME FIIL will become a wholly-owned subsidiary of the Company and CashBox Group Technology will become an indirect non-wholly owned subsidiary of the Company, and the financial results of the GOME FIIL Group and CashBox Group Technology will be consolidated in the financial statements of the Group.

For further details, please refer to the Company's announcements dated 16 October 2023 and 24 January 2024. As of the date of this announcement, the acquisitions have not yet been completed.

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 2023.

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

SIGNIFICANT INVESTMENTS

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

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As abovementioned, as at 31 December 2023, the Group has repaid its bank loans, and has not pledged any bank deposit to secure banking facilities of the Group (31 December 2022: RMB430,393,000), and the Group did not have any material contingent liabilities as at 31 December 2023 and 31 December 2022.

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 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 or low risk financial 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 31 employees in total as at 31 December 2023 (as at 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 Year, 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 2023, the Company had complied with all code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 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 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 affair between Mr. Zhou and other non-executive Directors during the year ended 31 December 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 2023.

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 2023.

SUBSEQUENT IMPORTANT EVENTS

Subsequent to 31 December 2023 and up to the date of this announcement, no material event affecting the Group had occurred.

AUDIT COMMITTEE

The Audit Committee 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. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors and a non-executive Director, namely Mr. Mak Yau Kee Adrian, Mr. Lee Puay Khng, Ms. Wang Wanjun and Ms. Wei Ting.

The Audit Committee has reviewed the audited consolidated financial results of the Company for the year ended 31 December 2023, 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 2023 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 (if applicable) 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 2023 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company (if applicable) and available on the above websites in due course.

By Order of the Board
Gome Finance Technology Co., Ltd.
Zhou Yafei
Executive Director

Beijing, 27 March 2024

As at the date of this announcement, the Company's executive Directors are Mr. Zhou Yafei and Mr. Song Chenxi; the non-executive Director is Ms. Wei Ting; and the independent non-executive Directors are Mr. Adrian Yau Kee Mak, Mr. Lee Puay Khng and Ms. Wang Wanjun.