国美金融科技
GOME FINTECH

國美金融科技有限公司
Gome Finance Technology Co., Ltd.

(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

Interim Report 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS *(Note)*

Executive Director
Mr. Zhou Yafei

Non-executive Director
Ms. Wei Qiuli

Independent Non-executive Directors
Mr. Lee Puay Khng
Mr. Li Liangwen
Mr. Hung Ka Hai Clement
Mr. Wan Jianhua

COMPANY SECRETARY

Ms. Suen Yu May Sammi

AUDIT COMMITTEE *(Note)*

Mr. Hung Ka Hai Clement *(Chairman)*
Mr. Lee Puay Khng
Mr. Li Liangwen

REMUNERATION COMMITTEE *(Note)*

Mr. Lee Puay Khng *(Chairman)*
Mr. Wan Jianhua
Ms. Wei Qiuli

NOMINATION COMMITTEE *(Note)*

Mr. Li Liangwen *(Chairman)*
Mr. Zhou Yafei
Mr. Hung Ka Hai Clement

STRATEGY COMMITTEE *(Note)*

Mr. Wan Jianhua *(Chairman)*
Mr. Zhou Yafei
Mr. Li Liangwen

AUDITORS

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

BANKERS

CWB Wing Lung Bank Limited
Industrial Bank Co., Ltd.
Bank of Jiangsu Co., Ltd.

LEGAL ADVISERS

As to Hong Kong Law

Sidley Austin

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2912, 29th Floor,
Two International Finance Centre,
8 Finance Street, Central
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

628

INVESTOR RELATIONS

Website: www.gomejr.com
Email: ir@gomejr.com

Note:

The composition of the board of directors and the board committees with effect from 10 August 2021 is shown. Please refer to the Company's announcement dated 26 March 2021 and 10 August 2021 for details of changes in the composition of the board of directors and the board committees during the six months ended 30 June 2021 and up to date of this interim report.

OVERVIEW

During the first half of 2021, Gome Finance Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") recorded a profit before tax of RMB12.8 million for the six months ended 30 June 2021 (the "Interim Period") (2020: RMB12.7 million). Although operating revenue of the Group decreased from RMB46.9 million for the six months ended 30 June 2020 (the "Corresponding Period") to RMB37.0 million for the Interim Period due to the suspension of the financial leasing business and decrease in financial service fee income, the Group still maintained its profitability as the provision for expected credit loss ("ECL") on trade and loans receivables also decreased significantly by RMB8.4 million. The Group recorded a net profit of RMB8.9 million for the Interim Period (2020: RMB9.8 million) and the Board did not recommend the payment of any interim dividend for the Interim Period.

Commercial factoring business was the major income source of the Group which contributed over 90% of the operating revenue of the Group during the Interim Period. Although the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic in January 2020 seriously affected the global economy and various industries, China's economy quickly recovered in the second half of 2020 and the demand for factoring loans in the People's Republic of China (the "PRC") remained strong in 2020 and 2021. However, considering the economic uncertainty under COVID-19, started from early 2020, the Group had been strengthening its risk management on new lending and loans receivables. The improvement in risk management and credit control reduced the provision for ECL on trade and loans receivables to RMB1.0 million for the Interim Period (2020: RMB9.4 million) and resulted in an increase in profit generated from the commercial factoring business.

Due to the suspension of the financial leasing business and decrease in financial service fee income, profitability of the financial leasing business and the other financing services business of the Group were seriously affected and decreased by RMB4.6 million in total. On the other hand, in 2020 the Group recorded provision for ECL of the Group's other receivables of RMB4.7 million which was one-off in nature. The two effects above offset each other.

In 2021, considering the economic uncertainties under COVID-19, the Group targets to further develop its commercial factoring business while keeping its risk management on new lending and loans receivables at a high standard to ensure the business of the Group can generate stable return. The management closely monitored the other financing services and adjusted the Group's business plan from time to time. The management also kept exploring different new business opportunities so as to grow by developing new businesses. The management believes the results for the year ended 31 December 2020 and the Interim Period proved the current strategy of maintaining growth by continuously developing the commercial factoring business and simultaneously exploring new businesses can lead the Group to achieve its long term objective of developing into a market-leading comprehensive financial technology services group.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY ENVIRONMENT

In the first half of 2021, as COVID-19 vaccination rates continued to increase and restrictions were eased in countries around the world, global economy was showing signs of recovery. In May 2021, the Purchasing Managers' Index (PMI) rebounded to 56, the highest since March 2011. In addition, according to the United Nations Conference on Trade and Development (UNCTAD), global trade increased by 10% year-on-year in the first quarter of 2021. The global supply chain also accelerated its recovery. However, the easing monetary policies and fiscal stimulus policies of developed countries such as the US, Japan and Europe in response to COVID-19 had not been adjusted yet. The backlash against those policies emerged, leading to a rapid rise in commodity prices. Emerging economies and developing countries are facing double pressure from inflation and capital outflows, and supply and demand conflicts are expected to continue.

Benefited from strict controls on COVID-19 and rapid vaccination, the recovery momentum of China had been strong. The gross domestic product (GDP) of China and the fixed assets investment in China increased by 12.7% and 12.6% year-on-year in the first half of 2021, respectively. Policy support for small and micro enterprises is one of the major reasons why China has been able to respond effectively to the impacts of COVID-19. Since 2020, China has provided policy support in taxation, loans and employment to small and micro enterprises, helping them to tide over the adverse effects of the pandemic while also providing them financial support to resume work and production. In the first half of 2021, the balance of loans to small and micro enterprises for inclusive purposes (loans to small and micro enterprises each with a credit facility of not more than RMB10 million for production and operating activities) of financial institutions in the banking industry was RMB17.7 trillion, representing a year-on-year increase of 31%. 38.3 million small and micro business entities were supported by the loans, representing a year-on-year increase of 29.2%. The Group's commercial factoring business continued to grow steadily as a result of the rapid economic recovery and strong financing demand in China. The scale of the Group's lending continued to grow beyond RMB1 billion during the Interim Period.

In the course of the pandemic, enterprises in China and around the world have been in abnormal production conditions and non-performing loans see a slight upward trend. In the first quarter of 2021, the balance of non-performing loans in China's banking sector increased by RMB176.2 billion year-on-year, up RMB86.8 billion as compared with the previous quarter. Financial institutions generally maintained a cautious approach towards corporate lending, and the enhancement of risk management capabilities became a key concern in the industry.

BUSINESS REVIEW

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

Gome Xinda Commercial Factoring 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. Although the overall financing needs increased during 2020 and the first half of 2021, the credit risk on loans receivable also increased due to the economic uncertainties under COVID-19. Started from mid-2020, the Group further improved its business relationship with certain high-quality customers. The lending amount of the Group slightly increased from RMB1.02 billion in the Corresponding Period to RMB1.08 billion in the Interim Period. Although the Group became more prudent in accepting new customers and granting credit limit, the Group successfully maintained its operating scale. However, interest rate charged to high quality customers was relatively lower which resulted in the decrease in revenue of the commercial factoring business even though the total lending amount increased. As mentioned above, improvement in risk management and credit control reduced the provision for ECL on trade and loans receivables, and as a result, the commercial factoring business recorded a profit of RMB25.8 million for the Interim Period (2020: RMB22.1 million). The management believed that the commercial factoring business will be the cornerstone in the future development of the Group as the business has a well established risk management system and it maintained steady growth despite various negative factors in the external environment.

Other than the commercial factoring business, the Group, through Gome Wangjin (Beijing) Technology Co., Ltd. ("Gome Wangjin"), a wholly-owned subsidiary of the Company, has been dedicating to the research and development of comprehensive financial technology solutions (such as customer management solutions and risk management solutions), and has continued to explore different opportunities in other financing services with its extensive technical experience in the relevant areas. Started from 2019, Gome Wangjin has been engaged in providing operational services to a financial service App and customer referral services to financial institutions through the operation of the App. From April 2020, due to the increase in regulatory focus on the fintech industry in China, the Group's management reviewed the products of the financial institutions which the Company referred to the App's users and reduced the number of products for referral, as a result the referral business of the Group was affected and revenue decreased significantly from the second half of 2020. The management considered this tough market environment may last for a long period, and had simplified the operation in order to sustain the business. Started from 2021, the other financial services business included the financial leasing business for management purpose. As all leaseback business was suspended in 2019, revenue from this business contributed less than 3% of the Group's total revenue for the Interim Period and its net loans receivable balance was also below RMB0.1 million as at 30 June 2021, the management merged this business with the other financial services business for management purpose to increase cost efficiency.

In the past, the other financing services business mainly referred to the real estate-backed loan and pawn loans business in Mainland China and the money lending business in Hong Kong. To operate the Group's pawn loans financing business in the PRC, the Group entered into various agreements in order to take effective control and enjoy the economic benefits and risks in and/or assets of Guangdong Lido Pawnshop Co. Ltd. (廣東利都典當有限公司) ("Lido Pawnshop"). However, these businesses started to slow down from 2018 and was suspended from 2019, and after reviewing the development plan of the Group, the Group's management considered that the Group would not resume these businesses in the foreseeable future. During the Interim Period, the Group disposed certain dormant subsidiaries and also terminated the agreements in relation to Lido Pawnshop mentioned in above in order to simplify the group structure and save cost. Disposal loss of RMB23,000 was recorded during the Interim Period.

The management believes that the Group is developing in a stable manner and considers that the uncertainties surrounding the overall economic environment are still high. The management believes 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 decreased by 21% to RMB37.0 million (2020: RMB46.9 million), which was mainly due to the decrease in revenue from other financial services including the finance lease business. Revenue from the commercial factoring business slightly decreased by 5% notwithstanding that the new lending amount of the Group slightly increased by 6% and maintained over RMB1 billion during the Interim Period, primarily because the Group had been focusing on high quality customers with lower interest rate charged. Due to the suspension of the financial leasing business and decrease in number of products for referral under strong regulatory focus on the fintech industry in China, the Group only recorded revenue of RMB2.9 million from the other financing services business during the Interim Period, while for the Corresponding Period, revenue contributed by the finance lease business was RMB5.1 million and that of the other financing services was RMB5.8 million.

As aforesaid, considering the credit risk on loans receivable also increased due to the economic uncertainties under COVID-19, the Group kept improving its risk management and credit control over commercial factoring business. As a result, the non-performing loan ratio decreased and the provision for ECL on trade and loans receivables was lowered to RMB1.0 million, representing a significant decrease of RMB8.4 million as compared with the Corresponding Period.

During the Corresponding Period, the Group recorded a provision for ECL of the Group's other receivables of RMB4.7 million as administrative expenses, which was one-off in nature. Apart from the impact of such provision, the Group still successfully lowered its administrative expenses by RMB2.1 million for the Interim Period. Major administrative costs such as amortization and depreciation, legal and professional fee and audit fee all decreased as compared with the Corresponding Period due to expense control.

Due to the decrease in market interest rate in the PRC in 2020, both fixed deposits and bank loans renewed in 2020 were at a lower interest rate such that both bank interest income and finance costs decreased during the Interim Period and did not have significant impact on profit.

As disclosed in the announcement of the Company dated 21 January 2020, on 17 January 2020, a wholly owned subsidiary of the Company entered into a swap contract with a bank, pursuant to which the Group agreed to exchange with the bank USD22.4 million for RMB154.0 million on 20 January 2020 and RMB154.0 million for USD22.4 million on 19 January 2021 in order to hedge the exchange risk on a RMB structured deposit product. During the Corresponding Period, as USD depreciated significantly against RMB, the Group recorded an exchange loss of RMB9.4 million, at the same time, the Group also recorded a gain on financial assets for respective swap contract which amounted to RMB7.5 million. Such contract was settled during the Interim Period and resulted in a gain on financial assets amounted to RMB0.2 million. No other financial assets were held by the Group as at 30 June 2021.

Combining the effects above, during the Interim Period, the Group recorded a profit before tax of RMB12.8 million (2020: RMB12.7 million). However, profit attributable to owners of the Company slightly decreased to RMB8.9 million (2020: RMB9.8 million) as compared with the Corresponding Period as the applicable tax loss credit had been fully utilized in 2020.

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 2021 ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2020 *RMB'000* (Unaudited)
Revenue	**34,134**	36,062
Net operating expenses	**(7,127)**	(3,911)
Operating gain	**27,007**	32,151
Provision for ECL of loans receivables	**(1,191)**	(10,035)
Segment results	**25,816**	22,116

As mentioned above, as the Group focused on high quality customers with relatively lower interest rate charged, the revenue of the Group from the commercial factoring business during the Interim Period decreased to RMB34.1 million. The demand for commercial factoring in the PRC was not seriously affected by COVID-19, however, the increase in credit risk on loans receivable due to the economic uncertainties under COVID-19 became the major challenge of the commercial factoring business. During the Interim Period, the management focused on developing business with high quality customers in order to maintain a balance between credit risk and business growth, and new lending for the Interim Period was satisfactory with an increased total loan amount as compared with the Corresponding Period. Although interest rate and revenue decreased, improvement in risk control and credit management helped the commercial factoring business lower its provision for ECL of loans receivables to RMB1.2 million in the Interim Period and resulted in an increase in segment profit from RMB22.1 million for the Corresponding Period to RMB25.8 million for the Interim Period.

Net finance cost, representing bank loan interest less bank interest income, of the commercial factoring business increased by RMB3.0 million due to the enlarged gap between interest rate of bank loan and bank deposit. Staff cost of the commercial factoring business slightly increased by RMB0.8 million due to the increase in headcount in order to support the growth of the commercial factoring business. Save as aforesaid, there was no other material change in operating expenses of the commercial factoring business during the Interim Period.

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

	As at 30 June 2021 (Unaudited)		As at 31 December 2020 (Audited)	
	Gross balance	**Provision for ECL**	Gross balance	Provision for ECL
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Normal	**888,630**	**4,580**	738,791	3,908
Special mention	**–**	**–**	1,400	301
Substandard	**–**	**–**	–	–
Doubtful	**1,400**	**840**	33	20
Loss	**17,585**	**17,585**	17,585	17,585
	907,615	**23,005**	757,809	21,814

Net balance of normal loan as at 30 June 2021 increased significantly to RMB884.1 million (2020: RMB734.9 million) due to the increase in new lending. As at 31 December 2020, net balance of special mention, substandard loans and doubtful loans was only RMB1.1 million and the balance of loss loans was wholly covered by the impairment provisions made. Since all new loans during the Interim Period were settle on time or remained under normal stage, no significant provision was made during the Interim Period. As at 30 June 2021, net balance of special mention, substandard loans and doubtful loans further decreased to RMB0.6 million and the balance of loss loans was still wholly covered by the impairment provisions made. In addition, non-performing loan ratio of the commercial factoring business dropped as a result of increased internal control over releasing of new lending.

Financial leasing business

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

	For the six months ended 30 June 2020 *RMB'000* (Unaudited)
Revenue	5,100
Net operating expenses	(2,895)
Operating gain	2,205
Reversal of provision for ECL of loans receivables	681
Segment results	2,886

In 2020, the financial leasing business included the vehicle leaseback business and the mobile phone leaseback business. The vehicle leaseback business was discontinued and the mobile phone leaseback business was suspended during 2019 for risk control and to reserve resources for business with higher potential. Although the businesses were suspended, outstanding loan balance still generated interest income during the Interim Period. However, respective revenue from these businesses kept decreasing from 2019 and the interest income generated decreased from RMB5.1 million in the Corresponding Period to RMB0.9 million in the Interim Period. In addition, net loans receivables of the financial leasing business as at 30 June 2021 was below RMB0.1 million. For segment reporting purpose the financial leasing business was merged to the other financing services business from January 2021.

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 2021 ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2020 *RMB'000* (Unaudited)
Revenue	**2,876**	5,774
Net operating expenses	**(3,090)**	(4,046)
Operating gain/(loss)	**(214)**	1,728
Reversal provision (provision) for ECL of trade/loans receivables	**153**	(54)
Segment results	**(61)**	1,674

In 2020, revenue of the other financing services business mainly represented the service fee collected by Gome Wangjin by providing customer referral services to financial institutions through a financial services App, which refers the App users to other financial institutions for borrowing, obtaining credit record and applying for credit card, etc. Started from January 2021, as mentioned above, the financial leasing business was merged to the other financing services business for segment reporting purpose. However, even though the scope of the other financing services business was enlarged, revenue still decreased as service fee received decreased significantly from RMB5.8 million to RMB2.0 million.

From April 2020, the Group's management reviewed the products of the financial institutions which the Company referred to the App's users due to the increase in regulatory focus on the fintech industry in China. The number of products for referral was reduced after such review, as a result the referral business of the Group was affected and revenue decreased significantly afterwards. The management considered this tough market environment may last for a long period. Considering that this business was already mature, the management started to simplify the operation and implemented cost control, and certain staff was reallocated to the commercial factoring business in order to support its development. As a result, staff cost decreased by RMB0.9 million and the business was nearly breakeven.

During the Interim Period, certain loans receivable of the financial leasing business was recovered and resulted in a reversal of provision for ECL of loans receivables of RMB0.2 million. Net loan and trade receivables of the other financial services business as at 30 June 2021 was RMB0.8 million and without significant overdue net balances.

Key operating data of the Group

	For the six months ended 30 June 2021 *RMB'000* **(Unaudited)**	For the year ended 31 December 2020 *RMB'000* (Audited)
Net trade and loan balance	**885,366**	741,007
– Net loan balance	**884,700**	740,667
Gross trade and loan balance	**928,362**	786,827
– Gross loan balance	**927,696**	786,485
Total return on loans (revenue as % of average gross loan balance)	**8.49%**	8.56%
Allowance to loans ratio (impairment allowance as % of gross loan balance)	**4.63%**	5.83%
Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)	**4.21%**	5.31%
Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance)	**110.09%**	109.75%

As at the end of the Interim Period, the Group's gross loan receivables increased to RMB927.7 million (31 December 2020: RMB786.5 million) due to the significant increase of the amount of new loan disbursements as compared with the second half of 2020. Allowance to loans ratio and non-performing loan ratio dropped due to the significant increase in the total loan balance, and was also the result of improved internal control over releasing new lending and credit control.

Annual interest rate of the commercial factoring business, which generated over 90% revenue of the Group, maintained at around 9% to 12% for both periods and the total return on loans maintained at around 8.5% in both periods. As aforesaid, the Group focused on high quality customers with a lower interest rate which also slightly affected return on loans.

The percentage of allowance coverage ratio maintained at over 100%, meaning that the provisions made wholly covered the gross balances of all non-performing loans. Taking into account the uncertainties of the economy, the management was cautious and considered that it would be appropriate to maintain a higher level of provision for ECL.

Loan quality analysis and provision for ECL

During the Interim Period, the net amount for the provision for ECL mainly on trade and loans receivables was RMB1.0 million (2020: RMB9.4 million). Additional provision was made for the commercial factoring business as aforesaid.

	For the six months ended 30 June 2021 *RMB'000* **(Unaudited)**	For the six months ended 30 June 2020 *RMB'000* (Unaudited)
At 1 January	**45,818**	43,077
Impairment allowances recognised	**5,322**	13,494
Impairment loss reversed	**(4,284)**	(4,086)
Bad debt allowance written off and transferred out	**(3,860)**	–
At 30 June	**42,996**	52,485

Other balance sheet items

In 2020, the Group invested in certain principal guaranteed structured deposit products offered by a bank from time to time for the purpose of better utilizing the surplus cash arising in the ordinary and usual course of business, details of which are set out under the section headed "Significant Investments" below. In 2020, the Group also entered into a swap contract with a bank in order to hedge the exchange risk on a RMB structured deposit product. Both structured deposit products and foreign currency swap contract were accounted for as "financial assets at fair value through profit or loss" in the Company's consolidated financial statements as at 31 December 2020. During the Interim Period, both the swap contract and structured deposit product matured and were settled in January 2021, and since all financial assets were stated at fair value as at 31 December 2020, a fair value gain of RMB0.2 million was recorded and the balance of the financial assets at fair value through profit or loss was nil as at 30 June 2021 (31 December 2020: RMB149.5 million). During the Interim Period, structured deposit products were released and the Group entered into pledged bank loan as a security for bank loan, therefore, as at 30 June 2021, amount of pledged bank deposits increased to RMB878.6 million (31 December 2020: RMB734.7 million).

PROSPECT

The recovery of the global economy largely depends on the development of the pandemic and the progress of vaccination in various countries. In light of the results in controlling the global pandemic currently, major international economic organisations have raised their forecasts on global GDP growth in 2021, with the World Bank's latest forecast on global economic growth of 5.6% this year, the Organization for Economic Cooperation and Development's (OECD) forecasts on global economic growth of 5.8%, and the International Monetary Fund's (IMF) forecast on global economic growth also increased from 5.5% in January 2021 to 6%. However, the medical and health conditions in emerging economies and developing countries remain challenging, and their vaccination rates are much lower than developed countries such as Europe and the U.S.. COVID-19 virus variant increased the difficulty of prevention and control and the uncertainties of recurrence of the pandemic remained a major concern. There are still major obstacles to the resumption of the normal operations in the global industrial and supply chains, and the uneven development of the global economic recovery will be more apparent. Against this background, the overall scale of the financial industry in the PRC is expected to increase this year, but the growth rate will continue to decline.

The management of the Group remains cautiously optimistic on the economic situation in the second half of the year, and is confident in the continuous stable development of the Group's business. The Group wishes to strengthen its capital cooperation with other financial institutions and enhance the Group's risk and non-performing assets management capabilities through the introduction of advanced technologies, with a view to achieving business growth in a safe and reasonable manner amidst the strong economic recovery and strong demand for corporate financing in Mainland China.

In the first half of 2021, the advantages of supply chain of GOME were further amplified by the significant results of pandemic control in China and the speed of recovery of the domestic economy, result in 61.7% contribution of consumption expenditure to economic growth. Leveraging on the resources of GOME, the Group will continue to develop innovative product and service models while maintaining the profitability of its existing business, as well as actively explore various aspects such as proximity to consumers, service providers and strengthening cooperation with industry peers in order to achieve better results in the future. The Group plans to expand the pool of commercial factoring customers referred by GOME, from electronic goods suppliers to other suppliers such as logistic suppliers. The development plan of the commercial factoring business is to maintain steady growth under its well establish risk management system.

Through the integration of industry chain and rich resources of GOME, the Group also planned to start its extended warranty services business, details of which was disclosed in the circular of the Company dated 27 May 2020. Due to the COVID-19 pandemic, the Group has slowed down this plan.

The management of the Group is also very concerned on the growth trend of the digital economy against the backdrop of the pandemic. Developed countries such as the U.S., Europe and Japan, as well as the PRC, see the digital economy as an important driving force for future economic growth, and new generation technologies industries such as artificial intelligence, cloud computing and big data analytics are flourishing. The Group will take the trend of technological development and regulatory policies into full consideration, and introduce technology services in a timely manner to expand its business lines, enhance the Company's competitiveness in the market and create higher returns for its shareholders. The management believes that the Group is developing in a stable manner and considers the uncertainties surrounding the overall economic environment are still high, and believes that maintaining the current development strategy will create maximum benefits and higher returns for the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group is sound with strong equity and working capital bases. As at 30 June 2021, the Group's total equity amounted to RMB1,705.6 million (31 December 2020: RMB1,701.2 million) and balance of pledged deposits for bank loans amounted to RMB878.6 million (31 December 2020: RMB734.7 million). As at 30 June 2021, the Group's cash and cash equivalent decreased to RMB196.0 million (31 December 2020: RMB350.2 million). As a financial institution, the management considered such decreased in cash balance is actually an improvement in cash utilization which can also improve profitability of the Group.

During the Interim Period, the Group recorded a total of RMB130.6 million cash outflow (2020: RMB160.0 million) from its operating activities. Significant outflow was recorded due to the significant new lending in the Interim Period, with gross loans receivables increased by RMB141.2 million. The amount of cash outflow decreased in the Interim Period as compared with the Corresponding Period as during the Corresponding Period, gross loans receivables was increased by RMB202.8 million. The Group recorded an outflow from investing activities of RMB2.2 million (2020: inflow of RMB5.8 million), which mainly represented the difference between the payment of additional pledged bank deposit and the receipt of settlement of financial assets. The Group recorded an outflow from financing activities of RMB21.7 million (2020: RMB19.4 million) as a result of the payment of finance cost. There was no significant change in cash flow of both investing and financing activities as compared with the Corresponding Period.

The Group's current ratio as at 30 June 2021 was 2.39 (31 December 2020: 2.37). The Group's gearing ratio, being total liabilities except tax payables as a percentage of the Group's total equity, was 49.7% as at 30 June 2021 (31 December 2020: 50.5%).

The Company has issued an 8-year corporate bond with principal of HK$35.0 million, which is due in 2022 and 2023 and carries interest at fixed rate of 7.0% per annum with interest payable in arrears. The corporate bond is unsecured and repayable at par on the maturity date.

The Group had no particular seasonal pattern of borrowing. As at 30 June 2021, the Group's bank borrowings were all due within one year, which amounted to approximately RMB810.5 million (31 December 2020: RMB809.5 million). All the Group's bank borrowings were made at floating interest rates. The weighted average effective interest rates on secured bank borrowings for the Interim Period were 3.45% to 3.90% per annum.

As at 30 June 2021, the Group's bank borrowings were denominated in RMB, amounting to RMB810.5 million. As at 30 June 2021, the Group's bond was denominated in HK$, amounting to HK$33.9 million (equivalent to approximately RMB28.2 million).

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

CAPITAL STRUCTURE

During the Interim Period, there was no change in the issued share capital of the Company and the Company's number of issued ordinary shares remained at 2,701,123,120 as at 30 June 2021.

GROUP STRUCTURE

On 19 March 2021, the Group entered into a sale and purchase agreement to dispose certain dormant subsidiaries, namely Best Ample Holdings Limited, Goldtip Holdings Limited and Best Review Investments Limited and their respective subsidiaries, to an independent third party at a total consideration of HK$3. On 27 May 2021, the Group issued a notice to terminate various agreements between Guangzhou City Yuenqian Investment Consultancy Limited Liability Company (廣州市源謙投資諮詢有限責任公司) (a wholly-owned subsidiary of the Company), Lido Pawnshop and the registered owners of Lido Pawnshop with effect from 27 June 2021. The agreements were entered to provide the Company with an effective control over and the right to enjoy the economic benefits and risks in and/or assets of Lido Pawnshop and Lido Pawnshop was accounted for as an indirect wholly-owned subsidiary of the Company. Upon termination of the agreements, Lido Pawnshop was disposed by the Company for accounting purposes. The above disposals of subsidiaries resulted in loss on disposals of subsidiaries amounted to approximately RMB23,000 in aggregate.

Save as disclosed in above, 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 Tianjin Guanchuang Mei Tong Electronic Commerce Limited, please refer to "Disclosure pursuant to Rule 13.20 of the Listing Rules" below.

As at 30 June 2021, the Group had no future plans for material investments or capital assets.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

On 7 June 2017, Xinda Factoring, an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Beijing Bosheng Huifeng Business Consulting Co., Limited (北京博盛匯豐商業諮詢有限公司) ("Bosheng Huifeng"), a company incorporated in the PRC with limited liability and was owned as to 90% by Ms. Du Juan (the controlling shareholder of the Company) and 10% by Mr. Ding Donghua (an executive Director of the Company who has resigned from such role with effect from 27 May 2019), pursuant to which Xinda Factoring agreed to provide an unsecured non-interest bearing loan for an amount of RMB720 million (the "Consideration") to Bosheng Huifeng solely for the purpose of acquiring the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited (the "Acquisition"). On 18 February 2020, the 10% equity interest in Bosheng Huifeng held by Mr. Ding Donghua was transferred to an independent third party. As at 30 June 2021, an aggregate amount of RMB576 million, representing 80% of the Consideration, was advanced to Bosheng Huifeng to pay for the Consideration. Bosheng Huifeng will use 90% of the dividends arising from its interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited to repay the loan and Bosheng Huifeng undertakes that if completion of the Acquisition does not take place, Bosheng Huifeng shall refund the loan (with accrued interest, if any) to Xinda Factoring in full.

Other details of this transaction have been disclosed in the circular of the Company dated 29 June 2017.

The Acquisition was not yet completed up to 27 August 2021 and the Group's management expected it to be completed in 2021 or 2022.

As at 30 June 2021, the aggregate amount of RMB576 million advanced to Bosheng Huifeng exceeded 8% under the assets ratio defined under Rule 14.07(1) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), thereby giving rise to the Company's disclosure obligation under Rule 13.20 of the Listing Rules.

SIGNIFICANT INVESTMENTS

The Group invested in certain principal-guaranteed structured deposit products offered by a commercial bank in the PRC (the "Bank") for the purpose of better utilizing the surplus cash of the Group arising in its ordinary and usual course of business (the "Investments"). The yield of the Investments was partially fixed based on a fixed rate of return and partially floating and linked to the RMB-denominated gold benchmark price published by the Shanghai Gold Exchange. Other details of the Investments have been disclosed in the Company's announcements dated 4 July 2019 and 21 January 2020.

As at 31 December 2020, the Investments were accounted for as "financial assets at fair value through profit or loss" in the Company's consolidated financial statements. Please refer to note 19 to the unaudited condensed consolidated financial statements in this interim report for details of the fair value measurement.

All Investments were matured and settled during the Interim Period. As at 30 June 2021, the Group did not have any significant investments.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2021, certain bank deposits and financial assets at fair value through profit or loss of the Group with a principal amount of approximately RMB878.6 million in total and its interest (31 December 2020: RMB888.7 million and its interest) were pledged to secure banking facilities of the Group and the Group did not have any material contingent liabilities (31 December 2020: Nil).

TREASURY POLICIES AND FOREIGN EXCHANGE EXPOSURE

The Group continued to adopt a conservative treasury policy, with all bank deposits in HK$, RMB and USD. The Board and the management had been closely monitoring the Group's liquidity position, performing ongoing credit evaluations, and monitoring the financial conditions of its customers, in order to ensure the Group's healthy cash position. The Group had in the past invested in certain principal guaranteed structured deposit products offered by bank with its surplus cash arising in the ordinary and usual course of business of the Group from time to time and may do so going forward where appropriate having regard to the surplus cash position of the Group from time to time. The Group has not adopted any hedging policy and except for the foreign currency swap contract as disclosed in the announcement dated 21 January 2020 which had already matured and was settled during the Interim Period, 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.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no important event affecting the Group after the Interim Period up to 27 August 2021.

STAFF AND REMUNERATION

The Group employed 34 employees in total as at 30 June 2021 (31 December 2020: 27). The Group pays for social insurance for its PRC employees in accordance with the applicable laws in the PRC. The Group also maintains insurance coverage and contributes to mandatory provident fund schemes for its employees in Hong Kong in accordance with the applicable laws in Hong Kong. The overall aim of the Group's employee and remuneration policy is to retain and motivate staff members to contribute to the continuing success of the Group.

Additionally, the Group also adopted a share option scheme to provide long term incentive to Directors and eligible employees, details of which are set out in the section headed "Other Information – Share Option Scheme" of this report. The emolument policy for the Group's Directors and senior management is reviewed from time to time by the Company's remuneration committee, and gives consideration to the Group's performance, individual performance and comparable market conditions.

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

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**37,010**	46,936
Other income and gains	*4*	**4,974**	5,785
Administrative expenses		**(12,383)**	(19,219)
Provision for expected credit loss on trade and loans receivables		**(1,038)**	(9,408)
Finance costs	*6*	**(15,975)**	(20,718)
Gains on financial assets at fair value through profit or loss	*19*	**249**	9,274
Profit before tax	*5*	**12,837**	12,650
Income tax	*7*	**(3,921)**	(2,861)
Profit for the period		**8,916**	9,789
Attributable to:			
Owners of the Company		**8,916**	9,789
Earnings per share attributable to ordinary equity holders of the Company	*8*		
Basic and diluted			
Earnings per share		**RMB0.33 cents**	RMB0.36 cents

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

	Notes	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit for the period		**8,916**	9,789
Other comprehensive (loss)/income:			
Other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation from functional currency to presentation currency		**(4,500)**	19,481
Other comprehensive (loss)/income for the period, net of tax		**(4,500)**	19,481
Total comprehensive income for the period		**4,416**	29,270
Attributable to:			
Owners of the Company		**4,416**	29,270

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Prepayment	11	**576,000**	576,000
Right-of-use assets	9(a)	**1,285**	1,902
Property, plant and equipment	9(b)	**240**	397
Deferred tax assets		**5,766**	5,463
Total non-current assets		**583,291**	583,762
Current assets			
Trade and loans receivables	10	**885,366**	741,009
Prepayments, other receivables and other assets	11	**15,949**	9,130
Financial assets at fair value through profit or loss	19	**–**	149,451
Pledged deposits for bank loans	12	**878,574**	734,704
Cash and cash equivalents	12	**195,977**	350,228
Total current assets		**1,975,866**	1,984,522

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current liabilities			
Trade payables	13	**1,233**	7,607
Other payables and accruals		**5,701**	11,782
Tax payables		**6,681**	8,130
Interest-bearing bank and other borrowings		**810,500**	809,500
Lease liabilities		**1,264**	1,202
Total current liabilities		**825,379**	838,221
Net current assets		**1,150,487**	1,146,301
Total assets less current liabilities		**1,733,778**	1,730,063
Non-current liabilities			
Bonds issued		**28,172**	28,223
Lease liabilities		**–**	650
Total non-current liabilities		**28,172**	28,873
Net assets		**1,705,606**	1,701,190
Equity			
Equity attributable to owners of the Company			
Share capital	14	**230,159**	230,159
Reserves		**1,475,447**	1,471,031
Total equity		**1,705,606**	1,701,190

Approved and authorised for issue by the board of directors on 27 August 2021.

Zhou Yafei	**Wei Qiuli**
Director	*Director*

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company								
		Reserves							
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Revaluation reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	Total equity RMB'000
At 1 January 2021	**230,159**	**1,944,601**	**520,838**	**87,072**	**603**	**(79,510)**	**(1,002,573)**	**1,471,031**	**1,701,190**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**8,916**	**8,916**	**8,916**
Other comprehensive loss for the period:									
Exchange differences on translation from functional currency to presentation currency	**–**	**–**	**–**	**–**	**–**	**(4,500)**	**–**	**(4,500)**	**(4,500)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(4,500)**	**8,916**	**4,416**	**4,416**
At 30 June 2021	**230,159**	**1,944,601**	**520,838**	**87,072**	**603**	**(84,010)**	**(993,657)**	**1,475,447**	**1,705,606**

For the six months ended 30 June 2020

	Attributable to owners of the Company								
		Reserves							
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Revaluation reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	Total equity RMB'000
At 1 January 2020	230,159	1,944,601	520,838	87,072	603	(19,010)	(1,016,889)	1,517,215	1,747,374
Profit for the period	–	–	–	–	–	–	9,789	9,789	9,789
Other comprehensive income for the period:									
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	19,481	–	19,481	19,481
Total comprehensive income for the period	–	–	–	–	–	19,481	9,789	29,270	29,270
At 30 June 2020	230,159	1,944,601	520,838	87,072	603	471	(1,007,100)	1,546,485	1,776,644

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash used in operations		**(124,963)**	(158,796)
Income tax paid		**(5,647)**	(1,233)
Net cash used in operating activities		**(130,610)**	(160,029)
Cash flows from investing activities			
Other cash flow (used in)/arising from investing activities		**(2,209)**	5,847
Net cash (used in)/generated from investing activities		**(2,209)**	5,847
Cash flows from financing activities			
Other cash flow used in financing activities		**(21,675)**	(19,397)
Net cash used in financing activities		**(21,675)**	(19,397)
Effect of foreign exchange rate changes		**243**	(4,079)
Net decrease in cash and cash equivalents		**(154,251)**	(177,658)
Cash and cash equivalents at 1 January		**350,228**	316,429
Cash and cash equivalents at 30 June		**195,977**	138,771
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**195,977**	138,771

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

1 BASIS OF PREPARATION

Corporate information

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

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

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

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34"), and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on HKEx, and should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

Except as described below, the principal accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted the Group's annual financial statements for the year ended 31 December 2020.

Use of estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities effected in the future. The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as at 1 January 2021.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following revised standard issued by the HKICPA for the first time for the current period's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*

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

Issued But Not Yet Effective Hong Kong Financial Reporting Standards

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

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June, 2021	1 April 2021
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The application of the above amendments is not expected to have significant impact on the financial position and performance of the Group.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspective. Summary of details of the operating segments is as follows:

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Started from 2021, the financial lease business was merged to the other financing services business. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that bank interest income of unallocated deposits, gain or loss on financial assets at fair value through profit or loss of unallocated assets, finance costs of bonds issued and unallocated loans and liabilities, exchange loss or gain, loss on disposal of subsidiaries as well as items not specifically attributed to an individual reportable segment, such as unallocated corporate expenses, are excluded from such measurement.

3 OPERATING SEGMENT INFORMATION (continued)

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

There are no intersegment sales or transfers among the segments.

	For the six months ended 30 June 2021 (Unaudited)		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment revenue:			
Revenue from external customers	34,134	2,876	37,010
Segment results	25,816	(61)	25,755
Reconciliation:			
Bank interest income			3,355
Gains on financial assets at fair value through profit or loss			249
Finance costs			(6,864)
Exchange loss			(4,785)
Loss on disposals of subsidiaries			(23)
Unallocated expenses			(4,850)
Profit before tax			12,837
Income tax			(3,921)
Profit for the period			8,916

	At 30 June 2021 (Unaudited)		
	Commercial factoring business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment assets	1,540,398	16,097	1,556,495
Reconciliation:			
Unallocated assets			1,002,662
Total assets			2,559,157
Segment liabilities	500,331	3,293	503,624
Reconciliation:			
Unallocated liabilities			349,927
Total liabilities			853,551

3 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2021 (Unaudited)			
	Commercial factoring business	Other financing services	Unallocated items	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:				
Depreciation and amortisation	467	153	69	689
Provision for/(reversal of) ECL on trade and loans receivables	1,191	(153)	–	1,038

	For the six months ended 30 June 2020 (Unaudited)			
	Commercial factoring business	Finance lease business	Other financing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Revenue from external customers	36,062	5,100	5,774	46,936
Segment results	22,116	2,886	1,674	26,676
Reconciliation:				
Bank interest income				3,905
Gains on financial assets at fair value through profit or loss				7,540
Finance costs				(7,603)
Exchange loss				(9,352)
Unallocated expenses				(8,516)
Profit before tax				12,650
Income tax				(2,861)
Profit for the period				9,789

3 OPERATING SEGMENT INFORMATION (continued)

	At 31 December 2020 (Audited)			
	Commercial factoring business *RMB'000*	Finance lease business *RMB'000*	Other financing services *RMB'000*	Total *RMB'000*
Segment assets	1,439,277	119,797	3,757	1,562,831
Reconciliation:				
Unallocated assets				1,005,453
Total assets				2,568,284
Segment liabilities	829,414	4,711	573	834,698
Reconciliation:				
Unallocated liabilities				32,396
Total liabilities				867,094

	For the six months ended 30 June 2020 (Unaudited)				
	Commercial factoring business *RMB'000*	Finance lease business *RMB'000*	Other financing services *RMB'000*	Unallocated items *RMB'000*	Total *RMB'000*
Other segment information:					
Depreciation and amortisation	415	114	351	75	955
Provision for/(reversal of) ECL on trade and loans receivables	10,035	(681)	54	–	9,408
Written off of prepayments, other receivables and other assets	–	–	–	4,669	4,669
Additions to non-current assets*	240	183	–	–	423

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

3 OPERATING SEGMENT INFORMATION (continued)

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong	**–**	–
Mainland China	**37,010**	46,936
	37,010	46,936

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

4 REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers not within the scope of HKFRS 15		
Interest income		
– Commercial factoring loans	**34,134**	36,062
– Finance lease receivables	**905**	5,100
	35,039	41,162
Revenue from contracts with customers within the scope of HKFRS 15		
Financial information service income – point in time	**1,971**	5,774
	37,010	46,936
Other income		
Bank interest income	**9,772**	14,844
Others	**10**	293
	9,782	15,137
Other losses		
Loss on disposals of subsidiaries *(Note)*	**(23)**	–
Exchange losses	**(4,785)**	(9,352)
	(4,808)	(9,352)
	4,974	5,785

Note:

On 19 March 2021, the Group entered into a sale and purchase agreement to dispose certain dormant subsidiaries to an independent third party at a total consideration of HK$3. On 27 May 2021, the Group issued a notice to terminate various agreements between Guangzhou City Yuenqian Investment Consultancy Limited Liability Company (廣州市源謙投資諮詢有限責任公司) (a wholly-owned subsidiary of the Company), Guangdong Lido Pawnshop Co. Ltd. (廣東利都典當有限公司) ("Lido Pawnshop") and the registered owners of Lido Pawnshop with effect from 27 June 2021. The agreements were entered to provide the Company with an effective control over and the right to enjoy the economic benefits and risks in and/or assets of Lido Pawnshop and Lido Pawnshop was accounted for as an indirect wholly-owned subsidiary of the Company. Upon termination of the agreements, Lido Pawnshop was disposed by the Company for accounting purposes. The above disposals of subsidiaries resulted in loss on disposals of subsidiaries amounted to approximately RMB23,000 in aggregate.

5 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**5,685**	4,997
Retirement benefit scheme contributions	**703**	755
	6,388	5,752
Depreciation of property, plant and equipment	**72**	160
Depreciation of right-of-use assets	**617**	795
Auditor's remuneration	**490**	775
Short-term leases	**865**	988
Written off of prepayments, other receivables and other assets	**–**	4,669

6 FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank and other borrowings	**14,649**	19,274
Bonds issued	**1,296**	1,375
Lease liabilities	**30**	69
	15,975	20,718

7 INCOME TAX

No provision of Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2021 and 2020. Mainland China income tax has been provided at the rate of 25% for the six months ended 30 June 2021 and 2020 on the estimated assessable profits arising in Mainland China during the periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdiction) in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
—Mainland China	**4,224**	3,468
Total current tax	**4,224**	3,468
Deferred tax	**(303)**	(607)
Total tax charge for the period	**3,921**	2,861

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

The calculation of the basic and diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,701,123,120 (six months ended 30 June 2020: 2,701,123,120) in issue during the six months ended 30 June 2021.

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of dilution as the Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2021 and 2020. The basic earnings per share equals to the diluted earnings per share.

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**8,916**	9,789

	For the six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**2,701,123**	2,701,123

9 RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the group did not enter into any lease agreement (six months ended 30 June 2020: renewed two lease agreements and recorded additions of RMB423,000). A lease agreement with right-of-use assets net book value of RMB3,279,000 was early terminated during the six months ended 30 June 2020 and resulted in a gain of RMB226,000.

(b) Property, plant and equipment

During the six months ended 30 June 2021, the group did not acquire any property, plant and equipment (six months ended 30 June 2020: Nil). During the six months ended 30 June 2021, upon disposal of subsidiaries, certain property, plant and equipment with net book value of RMB83,000 were disposed (six months ended 30 June 2020: Nil).

10 TRADE AND LOANS RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and loans receivables		
Commercial factoring loans *(Note (a))*	**907,615**	757,809
Finance lease receivables *(Note (b))*	**20,081**	24,816
Personal property pawn loans *(Note (c))*	**–**	3,860
Other trade receivables *(Note (d))*	**666**	342
	928,362	786,827
Provision for ECL	**(42,996)**	(45,818)
	885,366	741,009

10 TRADE AND LOANS RECEIVABLES (continued)

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

Notes:

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

(b) Finance lease receivable arising from the Group's financial leasing business; the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 60 days to 1,095 days.

(c) Personal property pawn loans arising from the Group's pawn loans business and such business was ceased in previous years; the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 240 days.

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

(i) An ageing analysis of the commercial factoring loans, personal property pawn loans and other trade receivables as at the end of the reporting period, based on maturity dates set out in the relevant contracts, is as follows:

	30 June 2021 *RMB'000* (Unaudited)	31 December 2020 *RMB'000* (Audited)
Not yet matured and within 3 months	**889,296**	740,533
6 to 12 months	**1,400**	33
Over 12 months	**17,585**	21,445
	908,281	762,011
Provision for ECL	**(23,005)**	(25,674)
	885,276	736,337

10 TRADE AND LOANS RECEIVABLES (continued)

(ii) The following is an ageing analysis of the finance lease receivable instalments based on due dates:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Non-past due	**–**	4,399
Past due by: (note)		
Less then 30 days past due	**–**	94
31 to 60 days past due	**–**	55
61 to 120 days past due	**17**	94
More than 120 days past due	**20,064**	20,174
	20,081	24,816
Less: provision for ECL	**(19,991)**	(20,144)
	90	4,672

Note: In the event that instalments repayment of a finance lease receivable are past due, the entire outstanding balance of the finance lease receivable is classified as past due.

10 TRADE AND LOANS RECEIVABLES (continued)

The individually impaired trade and loans receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments.

Trade and loans receivables from the Group's related parties are included in Note 17.

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

11 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Prepayment for acquisition of TJGCMT *(Note 17(b))*	**576,000**	576,000
Deposits	**187**	204
Other prepayments	**184**	502
Other receivables	**15,578**	8,424
	591,949	585,130

The financial assets included in the above balances relate to prepayments, other receivables and other assets for which there was no recent history of default and past due amounts.

Carrying amount analysed for reporting purpose:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Current assets	**15,949**	9,130
Non-current assets	**576,000**	576,000
	591,949	585,130

Prepayment of RMB576,000,000 was made for the acquisition of Tianjin Guanchuang Mei Tong Electronic Commerce Limited ("TJGCMT") which is non-current in nature.

12 PLEDGED DEPOSITS FOR BANK LOANS AND CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**1,074,551**	1,084,932
Less: Pledged deposits for bank loans	**878,574**	734,704
Cash and cash equivalents	**195,977**	350,228

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The cash and bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of cash and bank balances approximate to their fair values.

13 TRADE PAYABLES

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**837**	6,660
3 to 12 months	**–**	551
Over 1 year	**396**	396
	1,233	7,607

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

14 SHARE CAPITAL

Shares

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Authorised:		
6,000,000,000 ordinary shares of HK$0.1 each	600,000	600,000

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Issued and fully paid:		
2,701,123,120 ordinary shares of HK$0.1 each	230,159	230,159

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2021 and year ended 31 December 2020.

15 DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

16 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 and 31 December 2020.

17 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Note	For the six months ended 30 June **2021** ***RMB'000*** **(Unaudited)**	 2020 *RMB'000* (Unaudited)
Transactions with related parties which are significantly influenced by a close member of the controlling shareholder of the Company			
Rental expense		**517**	452
Property management fee		**253**	215
Interest income from commercial factoring loans		**693**	5,659

Note: The above transactions were conducted in accordance with respective contractual terms.

(b) Balances with related parties of the Group as at the end of the period are as follow:

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Balances with related parties which are significantly influenced by a close member of the controlling shareholder of the Company:		
Trade and loans receivables	**60,735**	–
Prepayments, other receivables and other assets	**258**	268
Prepayments due from a related party controlled by the controlling shareholder of the Company *(Note)*	**576,000**	576,000
Other receivables due from the controlling shareholder of the Company	**900**	900

17 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties of the Group as at the end of the period are as follow: (continued)

Note: As disclosed in the circular dated 29 June 2017, the Board announced that Gome Xinda Commercial Factoring Limited ("Xinda Factoring") entered into a loan agreement (the "Loan Agreement") with Beijing Bosheng Huifeng Business Consulting Co., Limited (the "OPCO"), a company 90% owned by a controlling shareholder of the Company, meanwhile the OPCO and Tibet Yang Guan LLP and Mr. Mao Deyi (together the "Sellers") entered into a framework agreement, pursuant to which Xinda Factoring agreed to provide a non-interest-bearing loan of an amount of RMB720 million to the OPCO solely for the purpose of acquiring the entire equity interest in TJGCMT from the Sellers (the "Loan"). On 25 July 2017, the OPCO and the Sellers entered into a formal sale and purchase agreement (the "Sale and Purchase Agreement") when the Loan was approved by the Company's independent shareholders.

According to the Loan and the sale and purchase agreement, the Loan would be granted based on progress of the above acquisition. As at 30 June 2021, the transaction was subject to approval of the PBOC or its affiliated institutions. As at 30 June 2021, RMB576 million (31 December 2020: RMB576 million) was paid to the OPCO according to the aforesaid agreements and was recorded as a prepayment (note 11).

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, other allowances and benefits in kind	**856**	1,616
Pension scheme contributions	**27**	4
	883	1,620

18 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts and fair values of each of the categories of financial instruments as at the end of the reporting period are as follows:

	30 June 2021		31 December 2020	
	Carrying amount RMB'000 (Unaudited)	Fair value RMB'000 (Unaudited)	Carrying amount RMB'000 (Audited)	Fair value RMB'000 (Audited)
Financial assets:				
Trade and loans receivables	**885,366**	**885,366**	741,009	741,009
Other receivables and other assets	**15,765**	**15,765**	8,628	8,628
Financial assets at fair value through profit or loss	**–**	**–**	149,451	149,451
Pledged deposits for bank loans	**878,574**	**878,574**	734,704	734,704
Cash and cash equivalents	**195,977**	**195,977**	350,228	350,228
	1,975,682	**1,975,682**	1,984,020	1,984,020
Financial liabilities:				
At amortised cost				
Trade payables	**1,233**	**1,233**	7,607	7,607
Other payables and accruals	**5,499**	**5,499**	11,408	11,408
Bonds issued	**28,172**	**28,172**	28,223	28,223
Lease liabilities	**1,264**	**1,264**	1,852	1,852
Interest-bearing bank and other borrowings	**810,500**	**810,500**	809,500	809,500
	846,668	**846,668**	858,590	858,590

19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(a) Fair value measurement

Management has assessed that the fair values of cash and cash equivalents, trade and loans receivables, prepayments, other receivables and other assets, pledged deposits for bank loans, trade payables, other payables and accruals, lease liabilities, interest-bearing bank and other borrowings, and bonds issued approximate to their carrying amounts largely due to the short term maturities of these instruments.

Financial assets at fair value through profit or loss is stated at fair value. Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period. The carrying amount and fair value of financial assets at fair value through profit or loss are disclosed in note 18.

19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value measurement (continued)

The Group's finance department headed by the Vice-President of Finance and risk management department headed by the risk management director are responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Vice-President of Finance reports directly to the audit committee. At each reporting date, the finance department and risk management department analyse the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Vice-President of Finance and executive director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's financial liabilities mainly include interest- bearing bank and other borrowings and bonds issued. The carrying amounts of financial liabilities approximate their fair values.

(b) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value in the statements of financial position across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The definitions of three levels are as below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes bonds and a majority of the over-the-counter (OTC) derivative contracts. Input parameters like ChinaBond interbank yield curves or London interbank offered rate (LIBOR) yield curves are sourced from ChinaBond, Bloomberg and Shanghai Clearing House.

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable open market data wherever possible. The Group tries it best to consider relevant and observable market prices in valuations.

19 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value hierarchy (continued)

Asset measured at fair value

	30 June 2021 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Financial assets at fair value through profit or loss	–	–	–	–

	31 December 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss – structured deposit and related cross currency swap features	–	149,451	–	149,451

During the year ended 31 December 2020, the Group placed principal-guaranteed structured deposits in a bank in the PRC with a principal amount of RMB154,000,000 with a fixed term of 365 days. The overall rate of return to the Group was approximately 3.4% per annum. Simultaneously, the Group entered into a currency forward contract to manage its exposure to currency exchange fluctuation on the abovementioned structured deposit, which also included a cross currency swap with a principal amount of RMB154,000,000 at fixed currency exchange rate of RMB to USD at 6.875 and due in January 2021. The whole arrangement has been designated as financial assets at fair value through profit and loss at 31 December 2020 and was mature and settled in January 2021.

20 EVENT AFTER THE REPORTING PERIOD

There were no significant events affecting the Group after the reporting period up to 27 August 2021.

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2021.

INTERIM DIVIDEND

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as was known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in Shares of the Company

Ordinary shares of HK$0.1 each of the Company ("Shares")

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company	*Notes*
Swiree Capital Limited ("Swiree")	Beneficial owner	1,653,073,872	61.20%	1
Ms. Du Juan	Corporate interest	1,653,073,872	61.20%	1
Mr. Wong Kwong Yu	Spouse interest	1,653,073,872	61.20%	2
Richlane Ventures Limited ("Richlane")	Beneficial owner	295,512,312	10.94%	3
Mr. Ko Chun Shun, Johnson ("Mr. Ko")	Beneficial owner	5,000,000	0.19%	3
	Corporate interest	297,776,312	11.02%	3

Notes:

1. As Ms. Du Juan wholly and beneficially owned Swiree, she was deemed to be interested in 1,653,073,872 Shares held by Swiree by virtue of the SFO.

2. Mr. Wong Kwong Yu, being the spouse of Ms. Du Juan, was also deemed to be interested in 1,653,073,872 Shares by virtue of the SFO.

3. Mr. Ko held 5,000,000 Shares directly. He also held 297,776,312 Shares indirectly, among which he held 2,264,000 shares through Peninsula Resources Limited and 295,512,312 shares through Richlane, both of which were wholly-owned by him.

4. As at 30 June 2021, the total number of issued Shares was 2,701,123,120.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 28 September 2012 as an incentive to the Group's employees and business associates (the "Scheme"). The Scheme shall be valid for a period of ten years from that date.

The maximum number of Shares in respect of which option may be granted under the Scheme may not exceed 10% of the issued share capital of the Company at the date of adoption of the Scheme. The maximum entitlement of each eligible participant in the total number of Shares issued and to be issued upon exercise of options granted under the Scheme in any 12 month period shall not exceed 1% of the total number of Shares in issue.

On 5 September 2014, the 10% limit on the Scheme was refreshed by the shareholders of the Company at a special general meeting. Following the refreshment, the Company may grant options to eligible participants under the Scheme to subscribe for up to 60,157,078 Shares, being 10% of the issued Shares as at such date.

During the Interim Period, no share option was granted, exercised, cancelled or lapsed under the Scheme and there was no outstanding option under the Scheme at the beginning and at the end of the Interim Period. As at the date of this report, the total number of share options available for grant under the Scheme is 60,157,078, representing 2.23% of the existing issued share capital of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining a high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. Throughout the six months ended 30 June 2021, the Company had complied with all code provisions set out in the CG Code, except for the deviation disclosed below.

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

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

Ms. Chen Wei, a former executive Director, had performed the duties of the chairman and the chief executive of the Company as an interim arrangement without formal appointment of as chairman and chief executive on 30 August 2018 until her resignation on 26 March 2021. Mr. Zhou Yafei, an executive Director, has been performing the duties of the chairman and the chief executive of the Company as an interim arrangement without formal appointment since the resignation of Ms. Chen Wei on 26 March 2021. The Board considers that 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 will nevertheless review the structure of the Board from time to time and consider suitable candidate to be appointed as the chairman and chief executive of the Company such that the Company can comply with code provision A.2.1 of the CG Code. As the Company did not have a chairman, it could not strictly comply with code provision A.2.7 of the CG Code during the six months ended 30 June 2021. However, the independent non-executive Directors had effective access to Ms. Chen Wei, Mr. Zhou Yafei 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 communication channels for discussion of the Company's affairs between Ms. Chen Wei or Mr. Zhou Yafei and other non-executive Directors during the six months ended 30 June 2021.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry with all the Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Scheme, at no time during the six months ended 30 June 2021 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.

OTHER INFORMATION

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 2021.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Hung Ka Hai Clement, an independent non-executive Director, ceased to be an independent non-executive director of Tibet Water Resources Limited (stock code: 1115) with effect from 30 June 2021 and was appointed as an independent non-executive director of Hong Kong Aerospace Technology Group Limited (stock code: 1725) on 16 July 2021.

Save as disclosed above, there is no change in Directors' information that is required to be disclosed in accordance with Rule 13.51(B)(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2020 by the Company.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee"), which was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management. As at 27 August 2021, the Audit Committee comprised three independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Lee Puay Khng and Mr. Li Liangwen.

The Audit Committee met with the management on 27 August 2021 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 2021, which have been reviewed by the Audit Committee, before proposing to the Board for approval.

BOARD OF DIRECTORS

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

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our shareholders for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions.

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

Beijing, 27 August 2021