

# INTERIM REPORT 2017



**国美金融科技**  
**GOME FINTECH**

國美金融科技有限公司

**Gome Finance Technology Co., Ltd.**

(formerly known as Sino Credit Holdings Limited 華銀控股有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chung Tat Fun  
Mr. Ding Donghua  
Mr. Zhang Jun

#### Non-executive Director

Ms. Wei Qiuli

#### Independent Non-executive Directors

Mr. Zhang Liqing  
Mr. Li Liangwen  
Mr. Hung Ka Hai Clement

### COMPANY SECRETARY

Mr. Ng Kwok Choi

### AUDIT COMMITTEE

Mr. Hung Ka Hai Clement (*Chairman*)  
Mr. Zhang Liqing  
Mr. Li Liangwen

### REMUNERATION COMMITTEE

Mr. Li Liangwen (*Chairman*)  
Mr. Zhang Jun  
Mr. Zhang Liqing

### NOMINATION COMMITTEE

Mr. Zhang Liqing (*Chairman*)  
Mr. Ding Donghua  
Mr. Li Liangwen

### AUDITORS

Ernst & Young  
*Certified Public Accountants*  
22/F., CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

### BANKERS

Wing Lung Bank  
Bank of Communications  
Bank of Shanghai  
China Merchants Bank

### SOLICITORS

#### *As to Hong Kong Law*

Kirkland & Ellis

#### *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  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
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

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# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

For the six months ended 30 June 2017 (the “Reporting Period”), Gome Finance Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) have been actively seeking strategic upgrade in the light of industry changes and committing to the vision of “using innovation to promote the development of technology and using technology to drive financial reform”, with an aim to provide high-quality financial services with high efficiency, accuracy and security for its users.

The Group remains positive with the potential opportunities in the PRC commercial factoring and financial leasing markets. It has placed greater effort in expanding its commercial factoring business by exploring new business opportunities in the factoring sector in all-round ways while balancing the growth of new capital and the overall risk. This resulted in a considerable growth in operating revenue of the factoring business. During the Reporting Period, the Group recorded an operating revenue generated from the factoring business of RMB35,152,000, representing an increase of 1,208.71% over the corresponding period last year. Meanwhile, it has actively expanded the financial leasing business by adjusting its deployment in the financial leasing market and completing the acquisition of 100% interest of Tianjin Gome Financial Leasing Company Limited (“Tianjin Financial Leasing”) in January 2017. Leveraging on GOME Group’s industry chain and the equipment leasing and other equipment supplier resources provided by developers and manufacturers, the Group recorded an operating revenue generated from the financial leasing business of RMB1,555,000 for the Reporting Period, representing an increase of 33.48% over the corresponding period last year.

By taking initiative step to optimise its business structure in response to the changes in the PRC economic situation and economic restructuring, the Group has achieved positive operating results with higher return on loans, allowance coverage ratio and lower non-performing loan ratio.

As a result of the above, the Group recorded profit for the Reporting Period with an operating revenue amounting to RMB40,006,000, representing an increase of 131.84% over the corresponding period last year, while the profit attributable to the owners of the Company amounting to RMB4,015,000.

The management of the Group strongly believes that by accelerating the pace of business layout, the Group will be able to achieve a faster growth in business and better performance in operating results in the future.



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY ENVIRONMENT

In the first half of 2017, the global economy continued to improve under the shadow of weak foundation of recovery. The developed economies recovered steadily in general, particularly the US, Eurozone and Japan showed improvements in economies and capital markets. For the emerging economies, China and India continued to lead the growth. The International Monetary Fund has revised the projected growth of world economy in 2017 upward by 0.1 percentage point to 3.5%. However, risks and uncertainties remained as a result of economic imbalances over the course of global recovery and the unlikelihood of structural upsurge. The uprising trade protectionism in the US and some European countries, the Federal Reserve's interest rate hike in mid-June and its plan to start shrinking the balance sheet within this year have caused fluctuation in the exchange market, which in turn posed pressure of triggering the next round of capital outflows from emerging markets. Global debt levels have reached record highs, however, the general market lacks confidence in the solvency and controllability of debt risks. Besides, the threat of terrorist attacks and geopolitical risks also placed higher uncertainties on the recovery of global economy.

In the first half of 2017, the PRC economy showed a positive trend of overall stability with steady progress in its development. Multiple macroeconomic indicators have improved: stable fixed asset investment, faster growth in imports and exports, and moderate increase in household spending, implying further improvements on microeconomics. While the pace of continual optimisation of economic structure shifting from industry-oriented to service-oriented accelerated, the demand structure has been improved gradually and emerging industries such as online shopping were booming. Despite the fact that the PRC economy maintained its steady and positive progress, insufficient overall demand, slow recovery of industry prosperity index and corporate profitability, historically high debt level and difficulties in strictly controlling financial risks indicated that the PRC economy still suffers from relatively heavy downward pressure.

## BUSINESS REVIEW

During the Reporting Period, the Group strived to upgrade its business in all aspects. By capitalising on the strong industrial resources of GOME Home Appliance, analysing big data and launching factoring services which the procedures could all be completed online, Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), a subsidiary of the Company, provides highly efficient capital solutions for the upstream small and medium enterprise suppliers of GOME Home Appliance with its core product, "Cloud Account Loan", which is useful in improving capital utilisation efficiency. In the meanwhile, by relying on the experience in analysing data since 2016, Xinda Factoring has been actively exploring new businesses which are not within the business scope of GOME Group and mainly targeting listing companies, in order to provide factoring services for both upstream and downstream enterprises along the industry chain. Currently, Xinda Factoring is engaged in several industries including industrial manufacturing and real estate, and has established a close cooperative relationship with established leading enterprises such as Guangzhou Lonkey, CEFC Shanghai and Greenland Construction. During the period, the Group recorded an operating revenue generated from the factoring business of RMB35,152,000, representing an increase of 1,208.71% over the corresponding period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

By completing the acquisition of 100% interest of Tianjin Financial Leasing in January 2017, and with the support of GOME Group's industry chain and the equipment financing and other equipment financial leasing business of developers and manufacturers, the Group has expanded the portfolio of its existing financial products and services. During the Reporting Period, the Group recorded an operating revenue generated from the financial leasing business of RMB1,555,000, representing an increase of 33.48% over the corresponding period last year.

## CORPORATE GOVERNANCE

The Group strives to strengthen the enterprise internal control system and constantly enhance the standard of corporate governance. Currently, the board of directors of the Company consists of three executive directors, three independent non-executive directors and one non-executive director. This structure complies with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") that at least one-third of the directors should be independent directors to ensure the independence of the board of directors. Therefore, shareholder opinions are thoroughly deliberated by the board of directors in a constructive manner before it reaches a consensus.

## FINANCIAL REVIEW

### Results highlights

The acquisition of Tianjin Financial Leasing took place during the period belongs to business combination under common control. Therefore, the statements of last year's comparable period have been restated and adjusted accordingly so that the period under common control between 5 September 2016 and 30 September 2016 has been included in the restated period of last year's comparable period.

During the Reporting Period, the Group recorded an operating revenue of approximately RMB40,006,000, representing an increase of 131.84% over RMB17,256,000 for the six months ended 30 September 2016 (the "Corresponding Period"). The increase in revenue was mainly attributable to the increase in revenue of both commercial factoring and financial leasing businesses, amounting to approximately RMB32,856,000, as the Group placed emphasis on these two types of services during the Reporting Period. During the Reporting Period, profit attributable to the owners of the Company was approximately RMB4,015,000 (period ended 30 September 2016: loss of RMB6,865,000). The turnaround in the results for the Reporting Period was mainly attributable to the following reasons: (1) the Group recorded investment and bank interest income and exchange gains on the financial assets for the Reporting Period in an aggregate amount of approximately RMB12,635,000 as compared with an amount of approximately RMB102,000 for the Corresponding Period, which was mainly due to the increase in the amount of the financial assets of the Group as a result of the subscription of shares



## MANAGEMENT DISCUSSION AND ANALYSIS

of the Company on 5 September 2016; (2) the Group recorded a loss on disposal of listed securities invested by the Group amounted to approximately RMB5,364,000 for the Corresponding Period, while no such loss was recognised by the Group during the Reporting Period; and (3) an impairment loss of approximately RMB2,116,000 on the Group's trade and loans receivables was recognised by the Group during the Reporting Period, whereas for the Corresponding Period, an amount of RMB4,292,000 was recognised as impairment loss on the Group's trade and loans receivables. Basic earnings per share for the Reporting Period were RMB0.15 cents (basic loss per share for the six months period ended 30 September 2016: RMB0.74 cents). The board of directors of the Company did not recommend the payment of an interim dividend for the Reporting Period (six months period ended 30 September 2016: Nil).

In 2016, the presentation currency of the Group's consolidated financial statements was changed to RMB from HKD in order to present a more accurate picture of the Group's financial performance. Therefore, the comparative figures for the six months period ended 30 September 2016 were restated in RMB, and are presented in this report for comparison purposes.

### Commercial factoring business

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

|   | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|---|--|--|
| <b>Revenue</b>  | <b>35,152</b>  | 2,686  |
| Operating expenses  | <b>(33,472)</b>  | (2,020)  |
| Operating earnings  | <b>1,680</b>   | 666  |
| Reversal of/(charges for) impairment loss on loans receivable | <b>112</b>   | (1,964)  |
| <b>Segment results</b>  | <b>1,792</b>   | (1,298)  |

## MANAGEMENT DISCUSSION AND ANALYSIS

The revenue and operating expenses of commercial factoring business for the Reporting Period increased significantly, which was mainly due to the adjustment of the Group's business strategies with management's attention focusing on the commercial factoring business. With the support of GOME's supply chain network, the Group has stepping up in expanding its external factoring business while implementing risk controlling measures in order to safeguard a healthy growth of business. With the efforts in expanding the commercial factoring business while controlling risks and costs, the commercial factoring business showed a sign of turnaround for the current period.

The Group exercises consistent and objective approach in analysing the loan quality at the end of each reporting period so as to assess whether there is impairment loss on trade and loans receivables, taking into account events such as subsequent settlement, default or delinquency in interest or principal payments, and the financial and credit analysis of each individual debtor or a group of debtors. After such analysis, the Group classifies the loans into five different categories and applies consistent policy for each category in providing for the impairment of trade and loans receivables with reference to the balance of loans receivable, net of any settlement amounts subsequent to the reporting period.

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

|                 | 30 June 2017                |                                    | 31 December 2016            |                                    |
|-----------------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|
|                 | Gross<br>balance<br>RMB'000 | Impairment<br>provision<br>RMB'000 | Gross<br>balance<br>RMB'000 | Impairment<br>provision<br>RMB'000 |
| Normal          | 742,310                     | 3,682                              | 731,877                     | 3,949                              |
| Special mention | —                           | —                                  | —                           | —                                  |
| Substandard     | —                           | —                                  | 208                         | 52                                 |
| Doubtful        | —                           | —                                  | —                           | —                                  |
| Loss            | 5,284                       | 5,284                              | 5,321                       | 5,321                              |
|                 | <u>747,594</u>              | <u>8,966</u>                       | <u>737,406</u>              | <u>9,322</u>                       |





# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial leasing business

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

|   | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|---|--|--|
| <b>Revenue</b>  | <b>1,555</b>   | 1,165  |
| Operating expenses  | <b>(3,064)</b>   | (2,287)  |
| Operating earnings  | <b>(1,509)</b>   | (1,122)  |
| Reversal of/(charges for) impairment loss on loans receivable | <b>237</b>   | (433)  |
| <b>Segment results</b>  | <b>(1,272)</b>   | (1,555)  |

The increase in both revenue and operating expenses of the financial leasing business for the period as compared with that of the Corresponding Period was mainly due to the effect of acquisition of Tianjin Financial Leasing.

The following table sets forth the distribution of trade and loans receivables of the Group's financial leasing business by five category loan classification.

|                 | <b>30 June 2017</b>                  |   | 31 December 2016            |                                    |
|-----------------|--------------------------------------|---|-----------------------------|------------------------------------|
|                 | <b>Gross<br/>balance<br/>RMB'000</b> | <b>Impairment<br/>provision<br/>RMB'000</b> | Gross<br>balance<br>RMB'000 | Impairment<br>provision<br>RMB'000 |
| Normal          | <b>21,989</b>                        | <b>117</b>                                  | 45,394                      | 358                                |
| Special mention | <b>299</b>                           | <b>6</b>                                    | 454                         | 9                                  |
| Substandard     | <b>—</b>                             | <b>—</b>                                    | —                           | —                                  |
| Doubtful        | <b>4</b>                             | <b>2</b>                                    | 4                           | 2                                  |
| Loss            | <b>3,631</b>                         | <b>3,631</b>                                | 3,625                       | 3,625                              |
|                 | <b>25,923</b>                        | <b>3,756</b>                                | 49,477                      | 3,994                              |

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other financing services business

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

|   | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|---|--|--|
| <b>Revenue</b>                                  | <b>3,299</b>   | 13,405   |
| Operating expenses                              | <b>(3,459)</b>   | (4,953)  |
| Operating earnings                              | <b>(160)</b>   | 8,452  |
| Charges for impairment loss on loans receivable | <b>(2,465)</b>   | (1,895)  |
| <b>Segment results</b>                          | <b>(2,625)</b>   | 6,557  |

The significant decrease in revenue, operating expenses and segment results of the other financing services business for the period as compared with that of the comparable period was mainly due to the aforesaid adjustment of the Group's core business strategies.

## Interest income of other financing services business

The following table shows the composition of interest income of the Group's other financing services business:

|                              | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|------------------------------|--|--|
| Real estate-backed loans     | <b>847</b>   | 2,565  |
| Personal property pawn loans | <b>302</b>   | 3,144  |
| Other loans receivables      | <b>2,150</b>   | 7,696  |
| <b>Total</b>                 | <b>3,299</b>   | 13,405   |



## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the distribution of trade and loans receivables of the Group's other financing business by five category loan classification.

|                 | 30 June 2017                       |   | 31 December 2016                   |   |
|-----------------|------------------------------------|---|------------------------------------|---|
|                 | Gross<br>balance<br><i>RMB'000</i> | Impairment<br>provision<br><i>RMB'000</i> | Gross<br>balance<br><i>RMB'000</i> | Impairment<br>provision<br><i>RMB'000</i> |
| Normal          | –                                  | –   | 162,980                            | 1,629                                     |
| Special mention | –                                  | –   | –                                  | –   |
| Substandard     | –                                  | –   | 38,257                             | 9,209                                     |
| Doubtful        | <b>26,038</b>                      | <b>13,019</b>                             | –                                  | –   |
| Loss            | <b>4,551</b>                       | <b>4,551</b>                              | 4,574                              | 4,574                                     |
|                 | <b>30,589</b>                      | <b>17,570</b>                             | 205,811                            | 15,412                                    |

### Key operating data of the Group

|   | Six months<br>ended<br>30 June<br>2017<br><i>RMB'000</i> | Nine months<br>ended<br>31 December<br>2016<br><i>RMB'000</i> |
|---|--|---|
| <b>Net loan balance</b>   | <b>773,814</b>   | 963,966   |
| Gross loan balance  | <b>804,106</b>   | 992,694   |
| – Hong Kong   | <b>26,038</b>  | 28,256  |
| – PRC   | <b>778,068</b>   | 964,438   |
| Total return on loans (revenue/average gross loan balance)                                |  |   |
| – Hong Kong   | <b>11.65%</b>  | 9.97%   |
| – PRC   | <b>8.75%</b>   | 8.68%   |
| Allowance to loans ratio (impairment allowance as % of gross loan balance)                | <b>3.77%</b>   | 2.89%   |
| Non-performing loan ratio (gross non-performing loan balance as % of gross loan balance)  | <b>4.91%</b>   | 5.24%   |
| Allowance coverage ratio (impairment allowance as % of gross non-performing loan balance) | <b>76.67%</b>  | 55.25%  |

## MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the Group's net loan balance and gross loan balance decreased by RMB190,152,000 (19.73%) and RMB188,588,000 (19.00%) as compared with that at the end of 2016, respectively. Such decrease was primarily due to the fact that the Group adjusted its core business strategies during the Reporting Period which led to a decline in other financing services business, and the trade receivables were recovered when due.

Compared with the end of 2016, the allowance to loans ratio and allowance coverage ratio increased while the non-performing loan ratio decreased for the Reporting Period, which were mainly due to (1) the decrease in gross loan balance of RMB188,588,000 (19.00%) for the Reporting Period as mentioned above; and (2) the decrease in non-performing loan balance of RMB12,480,000 (24.01%) as compared with that at the end of 2016 as a significant part of trade receivables of the other financing services business has been recovered.

### Loan quality analysis and impairment allowances

During the Reporting Period, net charges for impairment loss on loans receivable were RMB2,116,000 (period ended 30 September 2016: RMB4,292,000). These included charges for impairment loss on loans receivable of RMB10,459,000 (period ended 30 September 2016: RMB7,114,000), deducting the reversal of impairment loss of RMB8,343,000 (period ended 30 September 2016: RMB2,852,000).

|                                   | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|-----------------------------------|--|--|
| <b>At beginning of the period</b> | <b>28,728</b>  | 9,982  |
| Impairment allowances recognised  | <b>10,459</b>  | 7,144  |
| Reversal of impairment loss       | <b>(8,343)</b>   | (2,852)  |
| Write-off of impairment loss      | <b>(245)</b>   | –  |
| Exchange difference               | <b>(307)</b>   | 48   |
|                                   | <hr/>  | <hr/>  |
| <b>At end of the period</b>       | <b>30,292</b>  | 14,322   |
|                                   | <hr/> <hr/>  | <hr/> <hr/>  |





# MANAGEMENT DISCUSSION AND ANALYSIS

## Other gains and losses

The following table shows the composition of the Group's other gains and losses:

|   | <b>Six months<br/>ended<br/>30 June<br/>2017<br/>RMB'000</b> | Six months<br>ended<br>30 September<br>2016<br>RMB'000 |
|---|--|--|
| Fair value losses or changes on financial assets at fair value through profit or loss | –  | (5,364)  |
| Investment income   | <b>1,555</b>   | –  |
| Exchange gain/(loss)  | <b>8,123</b>   | (13)   |
|   | <b>9,678</b>   | (5,377)  |

## PROSPECTS

Going forward, the Group will actively expand its strategic business coverage in financial technology segment by adhering to the development strategy of “using innovation to promote the development of technology and using technology to drive financial reform”. On 7 June 2017, the Group announced an acquisition in respect of a PRC company which possesses the operating license required for conducting third party payment service business. The Group expects to start engaging in third party payment service business in the second half of 2017. The business will complement and integrate the financial services business of the Group. By capitalising on the strategic cooperation with GOME Group, the Group will be able to consolidate all payment channels by connecting the online and offline payment gateways, which will also be applied to other business partners. After the completion of acquisition, the Group will obtain the required license necessary for conducting third party internet payment service business in China which will enable the Group to keep abreast with the industry trend, facilitating further deployment of the Group in the field of internet financing.

In addition, the Group will combine its development strategy with that of the Company and proactively explore opportunities to further perfect its comprehensive financial service system by expanding its big data- and AI-based risk management system, optimising the financial product system and persistently developing new drivers of profit growth.

# MANAGEMENT DISCUSSION AND ANALYSIS

In response to the increasing competition in every aspect of the industry, the Group will develop new business development model while further reinforcing the existing foundation of business development in order to optimise the business structure and improve its profitability. It will also further reinforce the business monitoring and risk management functions to regulate the development of all business segments and improve the structure of corporate governance. As a result, the Group's integrated financial service capability and core competitiveness in the market will be enhanced, which will in turn facilitate a sustainable, healthy and rapid growth of the Group and create greater value for the shareholders as a whole.

## LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group is sound with strong equity and working capital bases. As of 30 June 2017, the Group's total equity amounted to RMB1,752,220,000, representing a slight decrease of 2.11% compared with that as of 31 December 2016. As of 30 June 2017, the Group's cash and cash equivalent totaled RMB1,019,854,000 (31 December 2016: RMB789,683,000). During the Reporting Period, the Group recorded a total of RMB246,201,000 (for the six months ended 30 September 2016: RMB13,867,000) cash inflow from its operating activities. The Group's current ratio as of 30 June 2017 was 3.47 (31 December 2016: 3.63). The Group's gearing ratio, expressed as percentage of total liabilities except deferred tax liabilities and tax payable over the Group's total equity was 41.98% as of 30 June 2017 (31 December 2016: 39.41%).

The Company has issued an 8-year corporate bond with principal of HKD35.0 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 repaid in par on the maturity date.

The Group had no particular seasonal pattern of borrowing. As of 30 June 2017, the Group's borrowings comprised non-current portion (over 1 year) and current portion (within 1 year), which amounted to approximately RMB679,548,000 (31 December 2016: RMB664,660,000). The Group's current borrowings of RMB652,098,000 were made at fixed and floating interest rates. The weighted average effective interest rates on secured and unsecured borrowings for the Reporting Period were 3.698% to 3.915% and 5.5% to 8.2% per annum, respectively.

As of 30 June 2017, the Group's borrowings were denominated in RMB and HKD, amounting to approximately RMB652,098,000 and approximately HKD31,627,000 (equivalent to approximately RMB27,450,000), respectively.

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 loans as they fall due and finance its daily operational and capital expenditures.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

During the Reporting Period, there is no change in the issued capital of the Company and the Company's number of issued ordinary shares remained at 2,701,123,120 as of 30 June 2017.

## GROUP STRUCTURE

During the Reporting Period, United Universal Limited, a wholly-owned subsidiary of the Company, acquired 100% interest of Tianjin Gome Financial Leasing Company Limited, a company incorporated in the PRC and engaged in financial leasing business in the PRC.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries during the six months ended 30 June 2017.

On 7 June 2017, Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Beijing Bosheng Huifeng Business Consulting Co., Limited ("Bosheng Huifeng"), a company incorporated in the PRC with limited liability and is owned as to 90% by Ms. Du Juan (controlling shareholder of the Company) and 10% by Mr. Ding Donghua (Executive Director of the Company), pursuant to which Xinda Factoring agreed to provide a non-interest bearing loan for an amount of RMB720 million to Bosheng Huifeng solely for the purpose to acquire the entire equity interest in Tianjin Guanchuang Mei Tong Electronic Commerce Limited (the "Acquisition"). On the same day, Bosheng Huifeng and independent third parties (the "Sellers") entered into a framework agreement, pursuant to which Bosheng Huifeng and the Sellers agreed, among others, to enter into a conditional sale and purchase agreement for the Acquisition and upon its completion, a series of VIE Contracts is to be entered into such that Xinda Factoring will have effective control over Baosheng Huifeng so as to obtain the economic interests and benefits from its business activities. Tianjin Guanchuang Mei Tong Electronic Commerce Limited and its subsidiaries are principally engaged in the prepaid card business, third party internet payment services and related technology development and technical advisory services in the PRC. Further details are set out in the circular of the Company dated 29 June 2017.

The Acquisition was not completed up to the date of this Interim Report.

## CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As of 30 June 2017, certain Group's bank deposits in the amount of RMB650,342,000 (31 December 2016: RMB665,996,000) were pledged to secure banking facilities of the Group and the Group did not have any material contingent liabilities (31 December 2016: Nil).

## COMMITMENTS

As of 30 June 2017, the Group did not have any significant capital commitments. Rental payment under non-cancellable operating leases amounted to approximately RMB7,465,000 (31 December 2016: RMB8,022,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## TREASURE POLICIES

The Group continued to adopt a conservative treasury policy, with all bank deposits in HKD, RMB, and USD. The Board and management had been closely monitoring the Group's liquidity position, performing ongoing credit evaluations, and monitoring the financial conditions of its customers, in order to ensure the Group's healthy cash position. The Group has not adopted any hedging policy or entered into any derivative products. However, the Board and the management will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

## STAFF AND REMUNERATION

The Group employed 50 employees in total as of 30 June 2017 (31 December 2016: 90). The Group implemented its remuneration policy, bonus, and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

Additionally, the Group also adopted a share option scheme as a long term incentive to Directors and eligible employees. The emolument policy for the Group's Directors and senior management was set up by the Company's Remuneration Committee, and gives consideration to the Group's performance, individual performance, and comparable market conditions.

## USE OF NET PROCEEDS FROM SUBSCRIPTION OF NEW SHARES

The below table sets out the proposed application of net proceeds from the subscription of new shares on 5 September 2016, and usage up to 30 June 2017:

|   | <b>Proposed application of net proceeds</b><br><i>HK\$'million</i> | <b>Actual usage up to 30 June 2017</b><br><i>HK\$'million</i> |
|---|--|---|
| Provision of commercial factoring services                        | 700.0  | 700.0   |
| Provision of financial leasing services                           | 350.0  | –   |
| Development and promotion of third party payment service business | 380.0  | –   |
| Marketing and promotion of financial service business             | 100.0  | –   |
| General working capital   | 44.5   | 6.2   |
|   | <u>1,574.5</u>   | <u>706.2</u>  |





# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**Building a better  
working world**

## **To the shareholders of Gome Finance Technology Co., Ltd.**

(Formerly known as Sino Credit Holdings Limited)

*(Incorporated in Bermuda with limited liability)*

### **Introduction**

We have reviewed the interim financial information set out on pages 17 to 68, which comprises the condensed consolidated statement of financial position of Gome Finance Technology Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

25 August 2017

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

For the six months ended 30 June 2017

|   | Notes | For the six months ended                  |   |
|---|-------|---|---|
|   |       | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Revenue   | 4     | 40,006                                    | 17,256  |
| Other income and gains  | 4     | 12,658                                    | (5,237)                                       |
| Administrative expenses   |       | (28,243)                                  | (11,625)                                      |
| Impairment loss on trade and loans receivables  | 5     | (2,116)                                   | (4,292)                                       |
| Finance costs   | 6     | (17,597)                                  | (1,440)                                       |
| <b>Profit/(loss) before tax</b>   | 5     | <b>4,708</b>                              | <b>(5,338)</b>                                |
| Income tax expense  | 7     | (693)                                     | (1,527)                                       |
| <b>Profit/(loss) for the period</b>   |       | <b>4,015</b>                              | <b>(6,865)</b>                                |
| <b>Attributable to:</b>   |       |   |   |
| Owners of the Company   |       | 4,015                                     | (6,865)                                       |
| <b>Earnings/(loss) per share attributable to ordinary equity holders of the Company</b> | 8     |   |   |
| <b>Basic</b>  |       |   |   |
| For profit/(loss) for the period  |       | <b>RMB0.15 cents</b>                      | RMB(0.74) cents                               |
| <b>Diluted</b>  |       |   |   |
| For profit/(loss) for the period  |       | <b>RMB0.15 cents</b>                      | RMB(0.74) cents                               |

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



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2017

|   | For the six months ended                  |   |
|---|---|---|
|   | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
|   | <i>Notes</i>                              |   |
| <b>Profit/(loss) for the period</b>   | <b>4,015</b>                              | (6,865)                                       |
| <b>Other comprehensive income:</b>  |   |   |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b> |   |   |
| Exchange differences on translation of overseas operations                                    | (41,844)                                  | (2,400)                                       |
| <b>Other comprehensive income for the period, net of tax</b>                                  | <b>(41,844)</b>                           | (2,400)                                       |
| <b>Total comprehensive income for the period</b>  | <b>(37,829)</b>                           | (9,265)                                       |
| <b>Attributable to:</b>   |   |   |
| Owners of the Company   | (37,829)                                  | (9,265)                                       |

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 2017

|   | <i>Notes</i> | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|---|--------------|---|--|
| <b>Non-current assets</b>                   |              |   |  |
| Property, plant and equipment               | 9            | 1,977   | 2,800  |
| Goodwill                                    | 10           | –   | –  |
| Other intangible assets                     | 11           | 20,258  | 22,814                                       |
| Deferred tax assets                         | 20           | 945   | 781  |
| Total non-current assets                    |              | <b>23,180</b>                                       | 26,395                                       |
| <b>Current assets</b>                       |              |   |  |
| Trade and loans receivables                 | 12           | 773,814   | 963,966                                      |
| Prepayments, deposits and other receivables | 13           | 23,237  | 27,450                                       |
| Notes receivable                            | 14           | –   | 26,835                                       |
| Pledged deposits for bank loans             | 15           | 650,342   | 665,996                                      |
| Cash and cash equivalents                   | 15           | 1,019,854   | 789,683                                      |
| Total current assets                        |              | <b>2,467,247</b>                                    | 2,473,930                                    |





# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2017

|  | <i>Notes</i> | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|--|--------------|---|--|
| <b>Current liabilities</b>                   |              |   |  |
| Trade payables                               | 16           | 24,629  | 24,550                                       |
| Other payables and accruals                  | 17           | 31,353  | 16,264                                       |
| Tax payables                                 |              | 2,677   | 4,802  |
| Interest-bearing bank and other borrowings   | 18           | 652,098   | 636,573                                      |
| Total current liabilities                    |              | <b>710,757</b>                                      | 682,189                                      |
| <b>Net current assets</b>                    |              | <b>1,756,490</b>                                    | 1,791,741                                    |
| <b>Total assets less current liabilities</b> |              | <b>1,779,670</b>                                    | 1,818,136                                    |
| <b>Non-current liabilities</b>               |              |   |  |
| Bonds issued                                 | 19           | 27,450  | 28,087                                       |
| Total non-current liabilities                |              | <b>27,450</b>                                       | 28,087                                       |
| <b>Net assets</b>                            |              | <b>1,752,220</b>                                    | 1,790,049                                    |
| <b>Equity</b>                                |              |   |  |
| Equity attributable to owners of the Company |              |   |  |
| Share capital                                | 21           | 230,159   | 230,159                                      |
| Reserves                                     | 23           | 1,522,061   | 1,559,890                                    |
| <b>Total equity</b>                          |              | <b>1,752,220</b>                                    | 1,790,049                                    |

Approved and authorised for issue by the board of directors on 25 August 2017.

**Ding Donghua**  
*Director*

**Zhang Jun**  
*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 2017

|       |   | Attributable to owners of the Company |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
|-------|---|---------------------------------------|--------------------------------|-----------------------------|---------------------------------|----------------------------------|------------------------------|-------------------------------|---------------------------|-------------------------|------------------|
|       |   | Reserves                              |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
| Notes | Share capital<br>RMB'000                                      | Share premium<br>RMB'000              | Contributed surplus<br>RMB'000 | Capital reserves<br>RMB'000 | Revaluation reserves<br>RMB'000 | Share option reserves<br>RMB'000 | Exchange reserves<br>RMB'000 | Accumulated losses<br>RMB'000 | Total reserves<br>RMB'000 | Total equity<br>RMB'000 |                  |
|       | At 31 December 2016<br>(as previously reported)               | 230,159                               | 1,944,601                      | 520,838                     | 87,072                          | 603                              | 9,263                        | 15,178                        | (1,016,535)               | 1,561,020               | 1,791,179        |
| 2.1   | Business combinations involving entities under common control | -                                     | -                              | -                           | -                               | -                                | -                            | (1,130)                       | (1,130)                   | (1,130)                 | (1,130)          |
|       | At 1 January 2017 (Restated)                                  | 230,159                               | 1,944,601                      | 520,838                     | 87,072                          | 603                              | 9,263                        | 15,178                        | (1,017,665)               | 1,559,890               | 1,790,049        |
|       | Profit for the period   | -                                     | -                              | -                           | -                               | -                                | -                            | 4,015                         | 4,015                     | 4,015                   | 4,015            |
|       | Other comprehensive income for the period:                    |                                       |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
|       | Exchange differences on translation of overseas operations    | -                                     | -                              | -                           | -                               | -                                | (41,844)                     | -                             | (41,844)                  | (41,844)                | (41,844)         |
|       | Total comprehensive income/(loss) for the period              | -                                     | -                              | -                           | -                               | -                                | (41,844)                     | 4,015                         | (37,829)                  | (37,829)                | (37,829)         |
| 22    | Equity-settled share option arrangements                      | -                                     | -                              | -                           | -                               | (1,840)                          | -                            | 1,840                         | -                         | -                       | -                |
|       | <b>At 30 June 2017</b>  | <b>230,159</b>                        | <b>1,944,601</b>               | <b>520,838</b>              | <b>87,072</b>                   | <b>603</b>                       | <b>7,423</b>                 | <b>(26,666)</b>               | <b>(1,011,810)</b>        | <b>1,522,061</b>        | <b>1,752,220</b> |

For the six months ended 30 September 2016

|       |   | Attributable to owners of the Company |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
|-------|---|---------------------------------------|--------------------------------|-----------------------------|---------------------------------|----------------------------------|------------------------------|-------------------------------|---------------------------|-------------------------|------------------|
|       |   | Reserves                              |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
| Notes | Share capital<br>RMB'000                                      | Share premium<br>RMB'000              | Contributed surplus<br>RMB'000 | Capital reserves<br>RMB'000 | Revaluation reserves<br>RMB'000 | Share option reserves<br>RMB'000 | Exchange reserves<br>RMB'000 | Accumulated losses<br>RMB'000 | Total reserves<br>RMB'000 | Total equity<br>RMB'000 |                  |
|       | At 1 April 2016   | 51,989                                | 765,197                        | 520,838                     | 87,072                          | 603                              | 16,737                       | (36,170)                      | (992,327)                 | 361,950                 | 413,939          |
|       | Loss for the period   | -                                     | -                              | -                           | -                               | -                                | -                            | (6,865)                       | (6,865)                   | (6,865)                 | (6,865)          |
|       | Other comprehensive income for the period:                    |                                       |                                |                             |                                 |                                  |                              |                               |                           |                         |                  |
|       | Exchange differences on translation of overseas operations    | -                                     | -                              | -                           | -                               | -                                | (2,400)                      | -                             | (2,400)                   | (2,400)                 | (2,400)          |
|       | Total comprehensive income/(loss) for the period              | -                                     | -                              | -                           | -                               | -                                | (2,400)                      | (6,865)                       | (9,265)                   | (9,265)                 | (9,265)          |
| 21    | Issue of shares   | 178,170                               | 1,193,741                      | -                           | -                               | -                                | -                            | -                             | 1,193,741                 | 1,371,911               | 1,371,911        |
| 21    | Transaction cost of issuing shares                            | -                                     | (14,337)                       | -                           | -                               | -                                | -                            | -                             | (14,337)                  | (14,337)                | (14,337)         |
|       | Business combinations involving entities under common control | -                                     | -                              | -                           | -                               | -                                | -                            | (1,284)                       | (1,284)                   | (1,284)                 | (1,284)          |
|       | <b>At 30 September 2016 (Restated)</b>                        | <b>230,159</b>                        | <b>1,944,601</b>               | <b>520,838</b>              | <b>87,072</b>                   | <b>603</b>                       | <b>16,737</b>                | <b>(38,570)</b>               | <b>(1,000,476)</b>        | <b>1,530,805</b>        | <b>1,760,964</b> |

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 2017

|  | Notes | For the six months ended                  |   |
|--|-------|---|---|
|  |       | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| <b>Cash flows from operating activities</b>                                    |       |   |   |
| <b>Profit/(loss) before tax:</b>   |       | <b>4,708</b>                              | (5,338)                                       |
| Adjustments for:   |       |   |   |
| Bank interest income   | 4     | (2,957)                                   | (115)   |
| Finance costs  | 6     | 17,597                                    | 1,440   |
| Impairment loss on trade<br>and loans receivables                              | 5     | 2,116                                     | 4,292   |
| Depreciation   | 5     | 889                                       | 937   |
| Amortisation of intangible assets  | 5     | 2,556                                     | 1,433   |
| Software maintenance   | 5     | 1,450                                     | 908   |
| Exchange (gain)/loss   | 4     | (8,123)                                   | 13  |
| Investment Income  | 4     | (1,555)                                   | –   |
| Loss from disposal of financial assets<br>at fair value through profit or loss | 4     | –   | 5,364   |
| Disposal of property, plant and equipment                                      |       | 5   | –   |
|  |       | <b>16,686</b>                             | 8,934   |
| Decrease in trade and loans receivables  |       | <b>187,729</b>                            | 36,102  |
| Decrease in notes receivable   |       | <b>26,835</b>                             | –   |
| Decrease/(increase) in prepayments, deposits and other<br>receivables          |       | <b>2,762</b>                              | (8,413)                                       |
| Increase/(decrease) in trade payables  |       | <b>5,624</b>                              | (18,725)                                      |
| Increase/(decrease) in other payables and accruals                             |       | <b>15,089</b>                             | (2,624)                                       |
| Cash generated from operations   |       | <b>254,725</b>                            | 15,274  |
| Income tax paid  |       | <b>(2,982)</b>                            | (1,193)                                       |
| Interest paid  |       | <b>(5,542)</b>                            | (214)   |
| <b>Net cash generated from operating activities</b>                            |       | <b>246,201</b>                            | 13,867  |

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

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2017

|  | Notes | For the six months ended                  |   |
|--|-------|---|---|
|  |       | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| <b>Cash flows from investing activities</b>                          |       |   |   |
| Interest received  |       | 2,957                                     | 115   |
| Investment income  | 4     | 1,555                                     | –   |
| Purchases of items of property, plant and equipment                  | 9     | (96)                                      | –   |
| Purchase of other intangible assets                                  |       | –   | (10,000)                                      |
| Disposal of financial assets at fair value<br>through profit or loss |       | –   | 18,743  |
| Net cash inflow from acquisition of a subsidiary                     |       | –   | 113   |
| <b>Net cash generated from investing activities</b>                  |       | <b>4,416</b>                              | <b>8,971</b>                                  |
| <b>Cash flows from financing activities</b>                          |       |   |   |
| Proceeds from issue of shares  |       | –   | 1,371,911                                     |
| New borrowings   |       | 267,000                                   | 3,063   |
| Repayment of borrowings  |       | (251,474)                                 | –   |
| Interest and other finance charges paid                              |       | (17,399)                                  | (1,345)                                       |
| Transaction cost of issuing shares                                   |       | –   | (14,337)                                      |
| <b>Net cash (used in)/generated from financing activities</b>        |       | <b>(1,873)</b>                            | <b>1,359,292</b>                              |
| Effect of foreign exchange rate changes                              |       | (18,573)                                  | (3,157)                                       |
| <b>Net increase in cash and cash equivalents</b>                     |       | <b>230,171</b>                            | <b>1,378,973</b>                              |
| Cash and cash equivalents at beginning of period                     |       | 789,683                                   | 19,964  |
| <b>Cash and cash equivalents at end of period</b>                    |       | <b>1,019,854</b>                          | <b>1,398,937</b>                              |
| <b>Analysis of balances of cash and cash equivalents</b>             |       |   |   |
| Cash and bank balances   |       | 1,019,854                                 | 1,398,937                                     |

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



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 1 CORPORATE AND GROUP INFORMATION

Gome Finance Technology Co., Ltd. (formerly known as Sino Credit Holdings Limited) (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 Swire Capital Limited, a company incorporated in the British Virgin Islands.

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

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 6 February 2017, the name of the Company was changed from “Sino Credit Holdings Limited” to “Gome Finance Technology Co., Ltd.”. The name change of the Company became effective on 15 February 2017.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

| Name                            | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company |              | Principal activities |
|---------------------------------|---|---|--|--------------|----------------------|
|                                 |   |   | Direct (%)                                       | Indirect (%) |                      |
| Ability Wealth Holdings Limited | British Virgin Islands                            | HKD390,000 Ordinary                       | 100  | –            | Investment holding   |
| Best Review Investments Limited | British Virgin Islands                            | USD1 Ordinary                             | 100  | –            | Investment holding   |
| Pure Profit Holdings Limited    | Hong Kong   | HKD1 Ordinary                             | –  | 100          | Money lending        |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 1 CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

| Name   | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company |              | Principal activities |
|--|---|---|--|--------------|----------------------|
|  |   |   | Direct (%)                                       | Indirect (%) |                      |
| Greater China Leasing Limited  | Hong Kong   | HKD39,300,001<br>Ordinary                 | –  | 100          | Investment holding   |
| Guangdong Juqian Leasing Limited   | Mainland China                                    | HKD156,000,000<br>Registered capital      | –  | 100          | Financial leasing    |
| Guangdong Lido Pawnshop Co., Ltd.  | Mainland China                                    | RMB100,000,000<br>Registered capital      | –  | 100          | Pawn business        |
| Guangzhou City Yuenqian Investment Consultancy Limited Liability Company | Mainland China                                    | HKD750,000<br>Registered capital          | –  | 100          | Consultation service |
| Shenzhen City Qianhai Commercial Factoring Limited                       | Mainland China                                    | RMB50,000,000<br>Registered capital       | –  | 100          | Commercial factoring |
| Shenzhen Qianhai Huayin Leasing Limited                                  | Mainland China                                    | RMB170,000,000<br>Registered capital      | –  | 100          | Financial leasing    |
| Guangdong Hengshin Commercial Factoring Limited                          | Mainland China                                    | RMB50,000,000<br>Registered capital       | –  | 100          | Commercial factoring |
| Gome Xinda Commercial Factoring Limited                                  | Mainland China                                    | RMB1,000,000,000<br>Registered capital    | –  | 100          | Commercial factoring |
| Tianjin Gome Financial Leasing Company Limited                           | Mainland China                                    | RMB500,000,000<br>Registered capital      | –  | 100          | Financial leasing    |



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 1 CORPORATE AND GROUP INFORMATION (continued)

On 31 January 2017, the Company obtained control over Tianjin Gome Financial Leasing Company Limited (“Tianjin Financial Leasing”) through business combinations involving entities under common control. Further details are included in Note 2.1 below.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the six months ended 30 June 2017 or formed a substantial portion of the net assets of the Group as at 30 June 2017. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2.1 BASIS OF PREPARATION

### Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”)

The interim condensed consolidated financial statements for the six months ended 30 June 2017 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 nine months ended 31 December 2016.

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 nine months ended 31 December 2016.

### Use of estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions. The nature and assumptions related to the Group’s accounting estimates are consistent with those adopted in the Group’s financial statements for the nine months ended 31 December 2016.

### Change of presentation currency

Pursuant to a resolution of the Board of Directors of the Company passed on 23 December 2016, the Company’s presentation currency was changed from the Hong Kong dollar (“HKD”) to Renminbi (“RMB”).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 2.1 BASIS OF PREPARATION (continued)

### Change of presentation currency (continued)

A change of presentation currency is a change in accounting policy which is accounted for retrospectively. The interim condensed consolidated financial statements included in the Group's interim report for the six months ended 30 September 2016 previously reported in HKD have been restated into RMB using the procedures outlined below:

- assets and liabilities denominated in non-RMB currencies were translated into RMB at the closing rates of exchange on the relevant balance sheet date;
- non-RMB income and expenditure were translated at the average rates of exchange prevailing for the relevant period;
- share capital, share premium and the other reserves were translated at the historic rates prevailing on the date of each transaction;
- all exchange rates were extracted from the Group's underlying financial records.

### Restatement of prior period's condensed consolidated financial statements due to business combinations involving entities under common control

On 24 January 2017, United Universal Limited, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Gome Home Appliances (H.K.) Limited and Gome Finance Holding Investment Co., Ltd., which are related parties ultimately controlled by a close member of the beneficial controlling person of the Group, to acquire 100% of the equity interest of Tianjin Financial Leasing at nil consideration. The Group obtained the control over Tianjin Financial Leasing on 31 January 2017.

Given that Tianjin Financial Leasing is under common control of the beneficial controlling person of the Group before and after the business combination, and that control is not temporary, the acquisition of Tianjin Financial Leasing is considered as a business combination involving entities under common control. Accordingly, the Group applied the principles of merger accounting to account for the acquisition of Tianjin Financial Leasing in preparing the interim condensed consolidated financial statements of the Group.

By applying the principles of merger accounting, the interim condensed consolidated financial statements of the Group also included the financial position, profit or loss and other comprehensive income and cash flows of Tianjin Financial Leasing as if it had been combined with the Group from the date when the common control was first established (i.e. 5 September 2016, when the Company became controlled by the beneficial controlling person). Comparative figures as at 31 December 2016 and for the six months ended 30 September 2016 have been restated as a result of such. All intra-group transactions and balances have been eliminated on consolidation.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 2.1 BASIS OF PREPARATION (continued)

#### Restatement of prior period's condensed consolidated financial statements due to business combinations involving entities under common control (continued)

The quantitative impact on the interim condensed financial statements is summarised below:

- (i) The condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2016

|  | The Group<br>for the six<br>months<br>ended 30<br>September<br>2016<br>(Unaudited)<br><i>HKD'000</i> | The Group<br>for the six<br>months<br>ended 30<br>September<br>2016<br>(Unaudited)<br><i>RMB'000</i> | Prior<br>period<br>adjustments<br><i>RMB'000</i> | Tianjin<br>Financial<br>Leasing<br>from 5<br>September<br>2016 to 30<br>September<br>2016<br><i>RMB'000</i> | The Group<br>for the six<br>months<br>ended 30<br>September<br>2016<br>(Restated)<br><i>RMB'000</i> |
|--|--|--|--|---|---|
| Revenue  | 19,877   | 16,945   | 131  | 180   | 17,256  |
| Other income and gains   | (2,904)  | (2,476)  | (2,765)  | 4   | (5,237)   |
| Administrative expenses  | (19,247)   | (16,409)   | 4,831  | (47)  | (11,625)  |
| Impairment loss on trade<br>and loans receivables                | (3,334)  | (2,842)  | (1,450)  | –   | (4,292)   |
| Finance costs  | (1,538)  | (1,310)  | –  | (130)   | (1,440)   |
| Income tax expense   | –  | –  | (1,527)  | –   | (1,527)   |
| (Loss)/profit for the period                                     | (7,146)  | (6,092)  | (780)  | 7   | (6,865)   |
| Exchange differences on<br>translation of overseas<br>operations | (15,961)   | (2,400)  | –  | –   | (2,400)   |
| Total comprehensive<br>income for the period                     | <u>(23,107)</u>  | <u>(8,492)</u>   | <u>(780)</u>                                     | <u>7</u>  | <u>(9,265)</u>  |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 2.1 BASIS OF PREPARATION (continued)

#### Restatement of prior period's condensed consolidated financial statements due to business combinations involving entities under common control (continued)

(ii) The condensed consolidated statement of financial position as at 31 December 2016

|                               | <b>The Group at<br/>31 December<br/>2016</b> | <b>Tianjin<br/>Financial<br/>Leasing at<br/>31 December<br/>2016</b> | <b>The Group at<br/>31 December<br/>2016</b> |
|-------------------------------|--|--|--|
|                               | (Audited)                                    |  | (Restated)                                   |
|                               | <i>RMB'000</i>                               | <i>RMB'000</i>   | <i>RMB'000</i>                               |
| Total non-current assets      | 26,371                                       | 24   | 26,395                                       |
| Total current assets          | 2,446,216                                    | 27,714   | 2,473,930                                    |
| Total non-current liabilities | 28,087                                       | –  | 28,087                                       |
| Total current liabilities     | 653,321                                      | 28,868   | 682,189                                      |
| Total equity                  | 1,791,179                                    | (1,130)  | 1,790,049                                    |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 2.1 BASIS OF PREPARATION (continued)

#### Restatement of prior period's condensed consolidated financial statements due to business combinations involving entities under common control (continued)

(iii) The condensed consolidated statement of cash flows for the six months ended 30 September 2016

|   | The Group for<br>the<br>six months<br>ended<br>30 September<br>2016<br>(Unaudited)<br>HKD'000 | The Group for<br>the<br>six months<br>ended<br>30 September<br>2016<br>(Unaudited)<br>RMB'000 | Prior period<br>adjustments<br>RMB'000 | Tianjin Financial<br>Leasing from<br>5 September<br>to 30 September<br>2016<br>RMB'000 | The Group for<br>the<br>six months<br>ended<br>30 September<br>2016<br>(Restated)<br>RMB'000 |
|---|---|---|--|--|--|
| Cash and cash equivalents at<br>beginning of period       | 23,959  | 19,964  | -                                      | -  | 19,964   |
| Net cash generated from/(used in)<br>operating activities | 29,239  | 24,927  | (16,685)                               | 5,625  | 13,867   |
| Net cash generated from<br>investing activities           | 6,668   | 5,685   | 3,173                                  | 113  | 8,971  |
| Net cash generated from/(used in)<br>financing activities | 1,574,456   | 1,342,239   | 17,182                                 | (129)  | 1,359,292  |
| Effect of foreign exchange rate<br>changes                | (15,999)  | 513   | (3,670)                                | -  | (3,157)  |
| Cash and cash equivalents at end<br>of period             | <u>1,618,323</u>  | <u>1,393,328</u>  | <u>-</u>                               | <u>5,609</u>   | <u>1,398,937</u>   |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

|                               |   |
|-------------------------------|---|
| Amendments to HKAS 7          | <i>Disclosure Initiative</i>                                    |
| Amendments to HKAS 12         | <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> |
| Annual Improvements 2014-2016 | <i>Disclosure of Interests in Other Entities</i>                |
| Cycle: HKFRS 12               |   |

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Annual Improvements 2014-2016 Cycle:

HKFRS 12 Disclosure of Interests in Other Entities

The amendments clarify that the disclosure requirements in IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

|                             |  |
|-----------------------------|--|
| Amendments to HKFRS 2       | <i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>      |
| Amendments to HKFRS 4       | <i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup></i> |
| HKFRS 9                     | <i>Financial Instruments<sup>1</sup></i>   |
| HKFRS 15                    | <i>Revenue from Contracts with Customers<sup>1</sup></i>                                   |
| HK(IFRIC) Interpretation 22 | <i>Foreign Currency Transactions and Advance Consideration<sup>1</sup></i>                 |
| Amendments to HKFRS 15      | <i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup></i>        |
| HKFRS 16                    | <i>Leases<sup>2</sup></i>  |
| Amendments to HKAS 40       | <i>Transfers of Investment Property<sup>1</sup></i>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

### 2.4 PRIOR PERIOD ADJUSTMENTS

The Group discovered certain cut-off errors in revenue and expenses accruals as at 30 September 2016. The interim condensed consolidated financial statements for the six months ended 30 September 2016 have been restated to correct these errors. The effect of the restatement on those interim condensed consolidated financial statements is included in Note 2.1.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 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. Due to increasing focus on commercial factoring and finance lease services in the current period, the Group divides the financing services segment into commercial factoring services, finance lease services and other financing services segments to provide better assessment of segment performance. The comparative figures have been restated accordingly. Summary of details of the operating segments is as follows:

| <b>Operating segments</b>     | <b>Nature of business activities</b>   |
|-------------------------------|--|
| Commercial factoring services | Commercial factoring services in Mainland China  |
| Finance lease services        | Finance lease services in Mainland China   |
| Other financing services      | Pawn loan services, real estate-backed loan services, other loan services in Mainland China, and money lending services in Hong Kong |

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, investment income, finance costs of bonds issued, exchange gain as well as items not specifically attributed to an individual reportable segment, such as unallocated corporate expenses, are excluded from such measurement.

Segment assets include all tangible and intangible assets, current assets with the exception of notes receivable and 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 and transfers among the segments.





# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 3 OPERATING SEGMENT INFORMATION (continued)

|  | For the six months ended 30 June 2017 (Unaudited) |                                   |                                     |                              |                  |
|--|---|-----------------------------------|-------------------------------------|------------------------------|------------------|
|  | Commercial factoring services<br>RMB'000          | Finance lease services<br>RMB'000 | Other financing services<br>RMB'000 | Unallocated items<br>RMB'000 | Total<br>RMB'000 |
| <b>Other segment information:</b>              |   |                                   |                                     |                              |                  |
| Depreciation and amortisation                  | 982   | 631                               | 1,830                               | 2                            | 3,445            |
| Impairment loss on trade and loans receivables | (112)   | (237)                             | 2,465                               | –                            | 2,116            |
| Additions to non-current assets*               | 96  | –                                 | –                                   | –                            | 96               |

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

|   | For the six months ended 30 September 2016<br>(Restated) |                                   |                                     |                  |
|---|--|-----------------------------------|-------------------------------------|------------------|
|   | Commercial factoring services<br>RMB'000                 | Finance lease services<br>RMB'000 | Other financing services<br>RMB'000 | Total<br>RMB'000 |
| <b>Segment revenue:</b>   |  |                                   |                                     |                  |
| Revenue from external customers   | 2,686  | 1,165                             | 13,405                              | 17,256           |
| <b>Segment results</b>  | (1,298)  | (1,555)                           | 6,557                               | 3,704            |
| <i>Reconciliation:</i>  |  |                                   |                                     |                  |
| Fair value changes on financial assets at fair value through profit or loss |  |                                   |                                     | (5,364)          |
| Bank interest income  |  |                                   |                                     | 115              |
| Finance costs   |  |                                   |                                     | (1,227)          |
| Exchange loss   |  |                                   |                                     | (13)             |
| Unallocated expenses  |  |                                   |                                     | (2,553)          |
| Loss before taxation  |  |                                   |                                     | (5,338)          |
| Taxation  |  |                                   |                                     | (1,527)          |
| Loss for the period   |  |                                   |                                     | (6,865)          |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 3 OPERATING SEGMENT INFORMATION (continued)

|                            | At 31 December 2016 (Restated)                 |   |   |                  |
|----------------------------|--|---|---|------------------|
|                            | Commercial<br>factoring<br>services<br>RMB'000 | Finance<br>lease<br>services<br>RMB'000 | Other<br>financing<br>services<br>RMB'000 | Total<br>RMB'000 |
| <b>Segment assets</b>      | 1,466,141                                      | 380,869                                 | 222,925                                   | 2,069,935        |
| <i>Reconciliation:</i>     |  |   |   |                  |
| Unallocated assets         |  |   |   | 430,390          |
| Total assets               |  |   |   | <u>2,500,325</u> |
| <b>Segment liabilities</b> | 646,851  | 30,158                                  | 4,737                                     | 681,746          |
| <i>Reconciliation:</i>     |  |   |   |                  |
| Unallocated liabilities    |  |   |   | 28,530           |
| Total liabilities          |  |   |   | <u>710,276</u>   |

|   | For the six months ended 30 September 2016 (Restated) |   |   |                                 |                  |
|---|---|---|---|---------------------------------|------------------|
|   | Commercial<br>factoring<br>services<br>RMB'000        | Finance<br>lease<br>services<br>RMB'000 | Other<br>financing<br>services<br>RMB'000 | Unallocated<br>items<br>RMB'000 | Total<br>RMB'000 |
| <b>Other segment information:</b>                 |   |   |   |                                 |                  |
| Depreciation and amortisation                     | 659   | 632                                     | 1,076                                     | 3                               | 2,370            |
| Impairment loss on trade and<br>loans receivables | 1,964   | 433                                     | 1,895                                     | –                               | 4,292            |
| Additions to non-current<br>assets*               | 3,500   | –                                       | 10,011                                    | –                               | 13,511           |

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 3 OPERATING SEGMENT INFORMATION (continued)

### Geographical information

(a) Revenue from external customers

|                | For the six months ended                  |   |
|----------------|---|---|
|                | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Hong Kong      | 1,509                                     | 1,153   |
| Mainland China | 38,497                                    | 16,103  |
|                | <u>40,006</u>                             | <u>17,256</u>                                 |

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

(b) Non-current assets

|                | For the six months ended                  |  |
|----------------|---|--|
|                | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 31 December<br>2016<br>RMB'000<br>(Restated) |
| Hong Kong      | 620                                       | 1,061  |
| Mainland China | 21,615                                    | 24,553                                       |
|                | <u>22,235</u>                             | <u>25,614</u>                                |

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

### Information about a major customer

Revenue of approximately RMB3,417,000 for the six months ended 30 June 2017 (for the six months ended 30 September 2016: RMB1,038,000) was interest income derived from commercial factoring loans receivables to a major customer.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 4 REVENUE, OTHER INCOME AND GAINS

Revenue represents the interest income earned during the period.

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

|   | For the six months ended                  |   |
|---|---|---|
|   | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| <b>Interest income</b>  |   |   |
| Commercial factoring loans  | 35,152                                    | 2,686   |
| Finance lease receivables   | 1,555                                     | 1,165   |
| Real estate-backed loans  | 847                                       | 2,565   |
| Personal property pawn loans  | 302                                       | 3,144   |
| Other loans receivables   | 2,150                                     | 7,696   |
|   | <u>40,006</u>                             | <u>17,256</u>                                 |
| <b>Other income</b>   |   |   |
| Bank interest income  | 2,957                                     | 115   |
| Others  | 23  | 25  |
|   | <u>2,980</u>                              | <u>140</u>                                    |
| <b>Other gains/(losses)</b>   |   |   |
| Fair value losses on financial assets<br>at fair value through profit or loss | –   | (5,364)                                       |
| Investment income   | 1,555                                     | –   |
| Exchange gain/(loss)  | 8,123                                     | (13)  |
|   | <u>9,678</u>                              | <u>(5,377)</u>                                |
|   | <u>12,658</u>                             | <u>(5,237)</u>                                |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 5 PROFIT/(LOSS) BEFORE TAX

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

|   | For the six months ended                  |   |
|---|---|---|
|   | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Impairment of trade and loans receivables (Note 12)                                 | 2,116                                     | 4,292   |
| Employee benefit expense (excluding directors' and chief executive's remuneration): |   |   |
| Wages and salaries  | 10,405                                    | 2,298   |
| Retirement benefit scheme contributions   | 940                                       | 87  |
|   | <b>11,345</b>                             | <b>2,385</b>                                  |
| Legal and professional fees   | 4,148                                     | 1,138   |
| Amortisation of intangible assets (Note 11)   | 2,556                                     | 1,433   |
| Auditor's remuneration  | 2,520                                     | –   |
| Minimum lease payments under operating leases                                       | 1,994                                     | 2,007   |
| Software maintenance  | 1,450                                     | 908   |
| Depreciation of property, plant and equipment (Note 9)                              | 889                                       | 937   |
| Business taxes and other levies   | 238                                       | 74  |

### 6 FINANCE COSTS

|                           | For the six months ended                  |   |
|---------------------------|---|---|
|                           | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Interest expenses on:     |   |   |
| Bank and other borrowings | 16,318                                    | 213   |
| Bonds issued              | 1,279                                     | 1,227   |
|                           | <b>17,597</b>                             | <b>1,440</b>                                  |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 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 2017 and for the six months ended 30 September 2016. Mainland China income tax has been provided at the rate of 25% for the six months ended 30 June 2017 (for the six months ended 30 September 2016: 25%) on the estimated assessable profits arising in Mainland China during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdiction) in which the Group operates.

|  | For the six months ended                  |   |
|--|---|---|
|  | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Current income tax<br>– Mainland China | 857                                       | 2,578   |
| <b>Total current tax</b>               | <b>857</b>                                | 2,578   |
| Deferred tax ( <i>Note 20</i> )        | (164)                                     | (1,051)                                       |
| <b>Total tax charge for the period</b> | <b>693</b>                                | 1,527   |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 7 INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the country (or jurisdiction) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

|  | For the six months ended                  |   |
|--|---|---|
|  | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| <b>Profit/(loss) before tax</b>                              | <b>4,708</b>                              | (5,338)                                       |
| Tax at the statutory tax rates                               | 1,258                                     | (486)   |
| Income not subject to tax                                    | (1,835)                                   | (15)  |
| Expenses not deductible for tax                              | 631                                       | 277   |
| Tax losses not recognised                                    | 1,371                                     | 1,612   |
| Temporary differences not recognised                         | 1,411                                     | 153   |
| Utilisation of previously unrecognised temporary differences | (1,368)                                   | (14)  |
| Utilisation of previously unrecognised tax losses            | (821)                                     | –   |
| Adjustments in respect of current tax of previous periods    | 46  | –   |
| <b>Tax charge at the Group's effective rate</b>              | <b>693</b>                                | 1,527   |

### 8 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,701,123,120 (for the six months ended 30 September 2016: 928,359,473) in issue during the period.

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



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 8 EARNINGS/(LOSS) 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 2017 in respect of dilution as the impact of the share options outstanding had an anti-dilutive effect on the earnings per share presented.

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

|  | For the six months ended                  |   |
|--|---|---|
|  | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| <b>Earnings/(loss)</b>   |   |   |
| Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation: | <b>4,015</b>                              | (6,865)                                       |
|  | <b>2,701,123</b>                          | 928,359                                       |
| <b>Shares</b>  |   |   |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation              | <b>2,701,123</b>                          | 928,359                                       |
| Effect of dilution – weighted average number of ordinary shares:   |   |   |
| Share options  | –   | –   |
|  | <b>2,701,123</b>                          | 928,359                                       |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 9 PROPERTY, PLANT AND EQUIPMENT

|   | <b>Leasehold<br/>improvements</b><br><i>RMB'000</i><br>(Restated) | <b>Furniture<br/>and fixtures</b><br><i>RMB'000</i><br>(Restated) | <b>Motor<br/>vehicles</b><br><i>RMB'000</i><br>(Restated) | <b>Total</b><br><i>RMB'000</i><br>(Restated) |
|---|---|---|---|--|
| <b>Cost:</b>                              |   |   |   |  |
| At 1 April 2016                           | 4,859   | 2,511   | 890   | 8,260  |
| Additions                                 | –   | 12  | –   | 12   |
| Acquisition of a subsidiary               | –   | 158   | –   | 158  |
| Exchange difference                       | 147   | 67  | –   | 214  |
|   | <hr/>   | <hr/>   | <hr/>   | <hr/>  |
| At 31 December 2016 and<br>1 January 2017 | 5,006   | 2,748   | 890   | 8,644  |
| Additions                                 | –   | 96  | –   | 96   |
| Disposal                                  | –   | (8)   | –   | (8)  |
| Exchange difference                       | (64)  | (29)  | –   | (93)   |
|   | <hr/>   | <hr/>   | <hr/>   | <hr/>  |
| At 30 June 2017                           | <u>4,942</u>  | <u>2,807</u>  | <u>890</u>  | <u>8,639</u>                                 |
| <b>Accumulated depreciation:</b>          |   |   |   |  |
| At 1 April 2016                           | 2,974   | 1,253   | 88  | 4,315  |
| Additions                                 | 897   | 348   | 132   | 1,377  |
| Acquisition of a subsidiary               | –   | 32  | –   | 32   |
| Exchange difference                       | 75  | 45  | –   | 120  |
|   | <hr/>   | <hr/>   | <hr/>   | <hr/>  |
| At 31 December 2016 and<br>1 January 2017 | 3,946   | 1,678   | 220   | 5,844  |
| Additions                                 | 549   | 252   | 88  | 889  |
| Disposal                                  | –   | (3)   | –   | (3)  |
| Exchange difference                       | (46)  | (22)  | –   | (68)   |
|   | <hr/>   | <hr/>   | <hr/>   | <hr/>  |
| At 30 June 2017                           | <u>4,449</u>  | <u>1,905</u>  | <u>308</u>  | <u>6,662</u>                                 |
| <b>Net book value:</b>                    |   |   |   |  |
| At 1 April 2016                           | <u>1,885</u>  | <u>1,258</u>  | <u>802</u>  | <u>3,945</u>                                 |
| At 31 December 2016                       | <u>1,060</u>  | <u>1,070</u>  | <u>670</u>  | <u>2,800</u>                                 |
| At 30 June 2017                           | <u>493</u>  | <u>902</u>  | <u>582</u>  | <u>1,977</u>                                 |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 10 GOODWILL

RMB'000

|                                      |         |
|--------------------------------------|---------|
| At 1 April 2016                      | 5,697   |
| Impairment                           | (5,697) |
| At 31 December 2016 and 30 June 2017 | –       |

The carrying amount of goodwill was allocated to groups of cash-generating units as follow:

|                    | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 31 December<br>2016<br>RMB'000<br>(Audited) |
|--------------------|---|---|
| Financing services | –   | –   |

#### Impairment testing of goodwill

Goodwill has been allocated to a single cash-generating unit of financing services during the period. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate. Such estimation is based on management's plans for the business development. Goodwill with carrying amount of approximately RMB5,697,000 and a pawn shop licence in intangible assets with carrying amount of approximately RMB4,656,000 were recognised on the acquisition of a pawn business in Guangdong. Following an adjustment of the Group's business strategy, management plans to focus on factoring business, and has no development plan for pawn business in the next several years. Management recognised an impairment loss of approximately RMB5,697,000 for goodwill and approximately RMB4,656,000 for the pawn shop licence during the nine months ended 31 December 2016. The balances of goodwill were nil as at 31 December 2016 and 30 June 2017.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 11 OTHER INTANGIBLE ASSETS

|  | <b>Pawn shop<br/>licence</b><br><i>RMB'000</i><br>(Restated) | <b>Computer<br/>software</b><br><i>RMB'000</i><br>(Restated) | <b>Total</b><br><i>RMB'000</i><br>(Restated) |
|--|--|--|--|
| <b>Cost:</b>                           |  |  |  |
| At 1 April 2016                        | 4,656  | 12,041   | 16,697                                       |
| Additions                              | –  | 13,500   | 13,500                                       |
| At 31 December 2016 and 1 January 2017 | 4,656  | 25,541   | 30,197                                       |
| Additions                              | –  | –  | –  |
| At 30 June 2017                        | <u>4,656</u>   | <u>25,541</u>  | <u>30,197</u>                                |
| <b>Accumulated amortisation:</b>       |  |  |  |
| At 1 April 2016                        | –  | 16   | 16   |
| Additions                              | –  | 2,711  | 2,711  |
| At 31 December 2016 and 1 January 2017 | –  | 2,727  | 2,727  |
| Additions                              | –  | 2,556  | 2,556  |
| At 30 June 2017                        | <u>–</u>   | <u>5,283</u>   | <u>5,283</u>                                 |
| <b>Accumulated impairment losses:</b>  |  |  |  |
| At 1 April 2016                        | –  | –  | –  |
| Additions                              | 4,656  | –  | 4,656  |
| At 31 December 2016 and 30 June 2017   | <u>4,656</u>   | <u>–</u>   | <u>4,656</u>                                 |
| <b>Net carrying value:</b>             |  |  |  |
| At 1 April 2016                        | <u>4,656</u>   | <u>12,025</u>  | <u>16,681</u>                                |
| At 31 December 2016                    | <u>–</u>   | <u>22,814</u>  | <u>22,814</u>                                |
| At 30 June 2017                        | <u>–</u>   | <u>20,258</u>  | <u>20,258</u>                                |

The balance of pawn shop licence includes the carrying amount of the licence of pawn business in Mainland China. Such intangible asset is carried at cost less accumulated impairment losses. The recoverable amount of the intangible asset has been determined based on a value in use calculation. Details of assessment of the impairment of pawn shop licence for the six months ended 30 June 2017 have been included in Note 10.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 12 TRADE AND LOANS RECEIVABLES

|  | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|--|---|--|
| <b>Trade and loans receivables</b>           |   |  |
| Commercial factoring loans (Note (a))        | <b>747,594</b>                                      | 737,406                                      |
| Finance lease receivables (Note (b))         | <b>25,923</b>                                       | 49,477                                       |
| Personal property pawn loans (Note (c))      | <b>4,551</b>  | 36,875                                       |
| Real estate-backed loans (Note (d))          | –   | 80,750                                       |
| Other trade and loans receivables (Note (e)) | <b>26,038</b>                                       | 88,186                                       |
|  | <b>804,106</b>                                      | 992,694                                      |
| Impairment                                   | <b>(30,292)</b>                                     | (28,728)                                     |
|  | <b>773,814</b>                                      | 963,966                                      |

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. Most of the loan periods range from 60 days to 365 days.
- (c) Personal property pawn loans arising from the Group's pawn loans business; the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 240 days.
- (d) Real estate-backed loans arising from the Group's real estate-backed loans services; the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 120 days to 365 days.
- (e) Other trade and loans receivables arising from the provision of money lending business; the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods for other trade and loans receivables range from 60 days to 365 days.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 12 TRADE AND LOANS RECEIVABLES (continued)

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

|                 | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|-----------------|---|--|
| Within 3 months | <b>543,216</b>                                      | 404,202                                      |
| 3-6 months      | <b>197,760</b>                                      | 237,811                                      |
| 6-12 months     | <b>47,651</b>                                       | 253,211                                      |
| Over 12 months  | <b>15,479</b>                                       | 97,470                                       |
|                 | <b>804,106</b>                                      | 992,694                                      |
| Impairment      | <b>(30,292)</b>                                     | (28,728)                                     |
|                 | <b>773,814</b>                                      | 963,966                                      |

- (2) The aged analysis of the trade and loans receivables that are not individually nor collectively considered to be impaired is as follows:

|                               | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|-------------------------------|---|--|
| Neither past due nor impaired | <b>764,598</b>                                      | 852,330                                      |
| Less than 30 days past due    | —   | 88,368                                       |
| 30 to 60 days past due        | —   | —  |
| 61 to 120 days past due       | —   | 7  |
| More than 120 days past due   | —   | —  |
|                               | <b>764,598</b>                                      | 940,705                                      |





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 12 TRADE AND LOANS RECEIVABLES (continued)

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

|                                     | For the six months ended                  |   |
|-------------------------------------|---|---|
|                                     | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| At beginning of period              | 28,728                                    | 9,982   |
| Impairment loss recognised (Note 5) | 10,459                                    | 7,144   |
| Impairment loss reversed*(Note 5)   | (8,343)                                   | (2,852)                                       |
| Bad debts write-off                 | (245)                                     | –   |
| Exchange difference                 | (307)                                     | 48  |
|                                     | 30,292                                    | 14,322  |

\* The directors considered that the amounts due could not be recovered and impairment has been made in the previous year. During the period, the debtor has made repayment in respect of a certain outstanding amount, therefore, the reversal of impairment loss was recognised for the period.

Included in the above provision for impairment of trade and loans receivables is a provision for individually impaired trade and loans receivables of approximately RMB26,488,000 (as at 31 December 2016: approximately RMB22,783,000) with a carrying amount before provision of approximately RMB39,508,000 (as at 31 December 2016: approximately RMB51,989,000).

The individually impaired trade and loans receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

Trade and loans receivables from the Group's related parties are included in Note 27.

The Group has certain concentration risk on trade and loans receivables as it has five (as at 31 December 2016: five) customers with total outstanding balances of approximately RMB285,437,000 (as at 31 December 2016: RMB322,134,000) as at 30 June 2017, and one (as at 31 December 2016: one) customer contributes more than 10% of trade and loans receivables of the Group.

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|                   | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|-------------------|---|--|
| Prepayments       | 11,057  | 12,722                                       |
| Deposits          | 1,042   | 1,578  |
| Other receivables | 11,138  | 13,150                                       |
|                   | <b>23,237</b>                                       | 27,450                                       |

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

### 14 NOTES RECEIVABLE

In November 2015, the Group disposed of its interest in the Best Volume Group for an aggregate consideration of HKD400,000,000 which was satisfied by notes of HKD30,000,000 and cash of HKD370,000,000. The notes are non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Best Volume Group and a construction engineering company in respect of not making certain payment under the construction contract of the Best Volume Group's investment properties located in Guangzhou, Guangdong Province, PRC. The above notes receivable had been fully recovered during the six months ended 30 June 2017.

### 15 PLEDGED DEPOSITS FOR BANK LOANS AND CASH AND CASH EQUIVALENTS

|                                       | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|---------------------------------------|---|--|
| Cash and bank balances                | 1,670,196   | 1,455,679                                    |
| Less: Pledged deposits for bank loans | 650,342   | 665,996                                      |
| Cash and cash equivalents             | <b>1,019,854</b>                                    | 789,683                                      |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 15 PLEDGED DEPOSITS FOR BANK LOANS AND CASH AND CASH EQUIVALENTS (continued)

|     | 30 June 2017 (Unaudited) |                  |                  |
|-----|--------------------------|------------------|------------------|
|     | Original<br>currency'000 | Exchange<br>rate | RMB'000          |
| RMB | 290,950                  | 1.0000           | 290,950          |
| HKD | 87,475                   | 0.8679           | 75,921           |
| USD | 192,390                  | 6.7744           | 1,303,325        |
|     |                          |                  | <u>1,670,196</u> |

  

|     | 31 December 2016 (Restated) |                  |                  |
|-----|-----------------------------|------------------|------------------|
|     | Original<br>currency'000    | Exchange<br>rate | RMB'000          |
| RMB | 70,047                      | 1.0000           | 70,047           |
| HKD | 59,665                      | 0.8945           | 53,371           |
| USD | 192,039                     | 6.9375           | 1,332,261        |
|     |                             |                  | <u>1,455,679</u> |

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 three 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 16 TRADE PAYABLES

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

|                | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|----------------|---|--|
| Within 1 month | 5,664   | 18,459                                       |
| 1 to 2 months  | 6,321   | 2,018  |
| 2 to 3 months  | 4,300   | 1,556  |
| Over 3 months  | 8,344   | 2,517  |
|                | <b>24,629</b>                                       | 24,550                                       |

As at 30 June 2017 and 31 December 2016, the Group had no trade payables due to related parties.

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.

### 17 OTHER PAYABLES AND ACCRUALS

|                    | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|--------------------|---|--|
| Receipt in advance | 4,928   | 1,441  |
| Accruals           | 222   | 463  |
| Deposit received   | 5   | 3,156  |
| Other payables     | 26,198  | 11,204                                       |
|                    | <b>31,353</b>                                       | 16,264                                       |

Other payables and accruals are non-interest-bearing and have an average term of three months. The carrying amounts of the other payables and accruals approximate their fair values.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

## 18 INTEREST-BEARING BANK AND OTHER BORROWINGS

|                              | 30 June 2017 (Unaudited) |                       |                | 31 December 2016 (Restated) |                   |                |
|------------------------------|--------------------------|-----------------------|----------------|-----------------------------|-------------------|----------------|
|                              | Effective interest rate  | Maturity              | RMB'000        | Effective interest rate     | Maturity          | RMB'000        |
| <b>Current</b>               |                          |                       |                |                             |                   |                |
| Bank loans – secured         | 3.698%-3.915%            | 2017/11/24-2017/12/24 | 617,000        | 3.698%                      | 2017/12/24        | 350,000        |
| Other borrowings – unsecured | 5.5%-8.2%                | 2017/7/10-2017/7/18   | 35,098         | 6%-7.6%                     | 2017/1/4-2017/5/4 | 286,573        |
|                              |                          |                       | <u>652,098</u> |                             |                   | <u>636,573</u> |

Notes:

- (a) The Group's bank loans of RMB617,000,000 at 30 June 2017 (as at 31 December 2016: RMB350,000,000) are secured by the Group's fixed deposits. Relevant disclosures are included in Note 15.
- (b) The balance of other borrowings represents the carrying amount due to many individual persons through a related party acting as a peer-to-peer service provider. Relevant disclosures are included in Note 27.

## 19 BONDS ISSUED

|                          | 30 June 2017<br>RMB'000<br>(Unaudited) | 31 December 2016<br>RMB'000<br>(Audited) |
|--------------------------|--|--|
| Unlisted corporate bonds | <u>27,450</u>                          | <u>28,087</u>                            |

On 17 December 2014, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD5 million which is unsecured, bears a fixed interest rate of 7% per annum.

On 22 December 2014, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

On 15 January 2015, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

On 26 May 2015, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

The effective interest rate of the unlisted corporate bonds is approximately 9.28%.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 20 DEFERRED TAX

The movements in deferred tax assets and liabilities during the period are as follows:

#### Deferred tax liabilities

|   | <b>Intangible<br/>assets</b><br><i>RMB'000</i> |
|---|--|
| At 1 April 2016 (Audited)   | 1,164  |
| Deferred tax credited to the consolidated statement of profit or loss during the period ( <i>Note 7</i> ) | <u>(1,164)</u>                                 |
| At 31 December 2016 and 1 January 2017 (Audited)  | <u>–</u>                                       |
| Deferred tax credited to the consolidated statement of profit or loss during the period ( <i>Note 7</i> ) | <u>–</u>                                       |
| At 30 June 2017 (Unaudited)   | <u><u>–</u></u>                                |

#### Deferred tax assets

|  | <b>Impairment of<br/>trade and loans<br/>receivables</b><br><i>RMB'000</i> |
|--|--|
| At 1 April 2016 (Audited)  | 2,495  |
| Acquisition of a subsidiary  | 544  |
| Deferred tax charged to the statement of profit or loss during the period                    | <u>(2,258)</u>   |
| At 31 December 2016 and 1 January 2017 (Restated)  | <u>781</u>   |
| Deferred tax credited to the statement of profit or loss during the period ( <i>Note 7</i> ) | <u>164</u>   |
| At 30 June 2017 (Unaudited)  | <u><u>945</u></u>  |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 20 DEFERRED TAX (continued)

Deferred tax assets have not been recognised in respect of the following items:

|                                  | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|----------------------------------|---|--|
| Tax losses                       | <b>88,445</b>                                       | 85,510                                       |
| Deductible temporary differences | <b>30,665</b>                                       | 28,241                                       |

As at 30 June 2017, the Group had tax losses arising from the operation in Hong Kong of approximately equivalent to RMB80,836,000 (as at 31 December 2016: RMB78,675,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses as at 30 June 2017 and 31 December 2016 are subject to approval of the Hong Kong Inland Revenue Department.

As at 30 June 2017, the Group also had tax losses arising from the operation in Mainland China of approximately RMB7,609,000 (as at 31 December 2016: RMB6,835,000) that will expire in one to five years for offsetting against future taxable profits.

The above deductible temporary difference include impairment of trade and loan receivables, and other timing difference in respect of depreciation and amortisation. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

### 21 SHARE CAPITAL Shares

|  | <b>30 June<br/>2017<br/>HKD'000</b> | 31 December<br>2016<br>HKD'000 |
|--|-------------------------------------|--------------------------------|
| <b>Authorised:</b><br>6,000,000,000 (31 December 2016: 6,000,000,000)<br>ordinary shares of HKD0.1 each            | <b>600,000</b>                      | 600,000                        |
| <b>Issued and fully paid:</b><br>2,701,123,120 (31 December 2016: 2,701,123,120)<br>ordinary shares of HKD0.1 each | <b>230,159</b>                      | 230,159                        |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 21 SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

|   | Number of<br>shares in issue<br>'000 | Share<br>capital<br>RMB'000 |
|---|--------------------------------------|-----------------------------|
| At 1 April 2016                         | 634,781                              | 51,989                      |
| Issue of shares ( <i>Note</i> )         | <u>2,066,342</u>                     | <u>178,170</u>              |
| At 31 December 2016 and at 30 June 2017 | <u><u>2,701,123</u></u>              | <u><u>230,159</u></u>       |

*Note:*

On 5 September 2016, the Company issued a total of 2,066,342,340 ordinary shares at a price of HKD0.77 per share. After deducting the transaction cost of issuing shares amounting to RMB14,337,245, the net proceeds from the subscription were RMB1,357,574,591, of which RMB178,170,368 was recorded into share capital and RMB1,179,404,223 was recorded into share premium. Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company's circular dated 5 August 2016.

### 22 SHARE OPTION SCHEME

The Company operates a share option scheme (the "New Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Scheme include the Company's directors, including executive, non-executive and independent non-executive directors, other employees of the Group, suppliers, consultants, agents and advisers of any person who, in the sole discretion of the board of directors, have contributed or may contribute to the Group. A share option scheme was adopted on 28 September 2012. Unless otherwise cancelled or amended, it will remain in force for 10 years from that date.





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 22 SHARE OPTION SCHEME (continued)

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is an amount equivalent, upon their exercise, to 30% (or where applicable, such higher percentage as may from time to time be permitted under the Listing Rules or by the Stock Exchange) of the shares of the Company in issue at any time. The total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 60,157,078 shares, after the refreshment of the limit effected on 5 September 2014, representing 10% of the issued share capital of the Company, as at the date of adoption of the New Scheme. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and shall not exceed the period of ten years from the date of the grant of the particular option but subject to the provisions for early termination.

The exercise price of share options is determinable by the board of directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HKD0.1 each of the share to a number of eligible participants ("grantees") under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HKD1.25 per share.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 22 SHARE OPTION SCHEME (continued)

The following share options granted on 2 September 2014 were outstanding under the New Scheme during the period:

|                          | 30 June 2017                                  |                        | 31 December 2016                              |                        |
|--------------------------|---|------------------------|---|------------------------|
|                          | Weighted average exercise price HKD per share | Number of options '000 | Weighted average exercise price HKD per share | Number of options '000 |
| At beginning of period   | 1.25  | 6,000                  | 1.25  | 21,000                 |
| Lapsed during the period | 1.25  | –                      | 1.25  | (15,000)               |
| At end of period         | 1.25  | 6,000                  | 1.25  | 6,000                  |

No share options were exercised during the six months ended 30 June 2017 and the nine months ended 31 December 2016.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 30 June 2017

| Number of options '000 | Exercise price* HKD per share | Exercise period     |
|------------------------|-------------------------------|---------------------|
| 3,000                  | 1.25                          | 2014/9/2 – 2017/9/1 |
| 3,000                  | 1.25                          | 2015/3/2 – 2017/9/1 |
| 6,000                  |                               |                     |

#### 31 December 2016

| Number of options '000 | Exercise price* HKD per share | Exercise period     |
|------------------------|-------------------------------|---------------------|
| 3,000                  | 1.25                          | 2014/9/2 – 2017/9/1 |
| 3,000                  | 1.25                          | 2015/3/2 – 2017/9/1 |
| 6,000                  |                               |                     |

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 22 SHARE OPTION SCHEME (continued)

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HKD0.1 each of the share to a number of grantees under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HKD1.23 per share.

The following share options granted at 30 September 2014 were outstanding under the New Scheme during the period:

|                          | 30 June 2017   |                              | 31 December 2016   |                              |
|--------------------------|--|------------------------------|--|------------------------------|
|                          | Weighted<br>average<br>exercise<br>price<br>HKD<br>per share | Number of<br>options<br>'000 | Weighted<br>average<br>exercise<br>price<br>HKD<br>per share | Number of<br>options<br>'000 |
| At beginning of period   | 1.23   | 24,000                       | 1.23   | 33,000                       |
| Lapsed during the period | 1.23   | (6,000)                      | 1.23   | (9,000)                      |
| At end of period         | <u>1.23</u>  | <u>18,000</u>                | <u>1.23</u>  | <u>24,000</u>                |

No share options were exercised during the six months ended 30 June 2017 and the nine months ended 31 December 2016.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 22 SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 30 June 2017

| Number of options<br>'000 | Exercise price*<br>HKD per share | Exercise period       |
|---------------------------|----------------------------------|-----------------------|
| 9,000                     | 1.23                             | 2014/9/30 – 2017/9/29 |
| 9,000                     | 1.23                             | 2015/3/30 – 2017/9/29 |
| <u>18,000</u>             |                                  |                       |

#### 31 December 2016

| Number of options<br>'000 | Exercise price*<br>HKD per share | Exercise period       |
|---------------------------|----------------------------------|-----------------------|
| 12,000                    | 1.23                             | 2014/9/30 – 2017/9/29 |
| 12,000                    | 1.23                             | 2015/3/30 – 2017/9/29 |
| <u>24,000</u>             |                                  |                       |

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the equity-settled share options granted on 2 September 2014 and 30 September 2014 was estimated by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| Grant date                                   | 2 September<br>2014                        | 30 September<br>2014                       |
|--|--|--|
| Grantees                                     | Directors,<br>consultants and<br>employees | Directors,<br>consultants and<br>employees |
| Dividend yield (%)                           | –  | –  |
| Expected volatility (%)                      | 46.72                                      | 45.72                                      |
| Risk-free interest rate (%)                  | 0.709                                      | 0.925                                      |
| Expected life of options (year)              | 3  | 3  |
| Weighted average share price (HKD per share) | 1.25                                       | 1.23                                       |



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 22 SHARE OPTION SCHEME (continued)

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 24,000,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 24,000,000 additional ordinary shares of the Company and additional share capital of RMB2,083,000 and share premium of RMB23,642,000 (before issue expenses).

At the date of approval of these interim condensed consolidated financial statements, the Company had 24,000,000 share options outstanding under the New Scheme, which represented approximately 0.89% of the Company's shares in issue as at that date.

### 23 RESERVES

The amounts of the Group's reserves and the movements therein for the current period and prior periods are presented in the interim condensed consolidated statement of changes in equity on page 21 of the interim condensed consolidated financial statements.

#### Share premium

The share premium account of the Group includes shares issued at premium. The amount of RMB1,179,404,223 was resulted from the issue of shares on 5 September 2016. Relevant disclosures are included in Note 21.

#### Contributed surplus

The contributed surplus are resulted from elimination of accumulated losses from the share premium account, offset to accumulated losses and acquisition of subsidiaries in previous year.

#### Capital reserves

The capital reserve of the Group represents the cash received in excess of the fair value of a promissory note issued to a shareholder by the Company in previous years.

#### Share option reserves

Share option reserves related to share options granted under the Company's share option scheme and which are reclassified to share capital and share premium when the share options were exercised, and to accumulated losses when the share options lapsed or expired.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 23 RESERVES (continued)

#### Exchange reserves

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations and is dealt with in accordance with the accounting policies adopted for foreign currency translation.

### 24 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2017 and 31 December 2016.

### 25 OPERATING LEASE ARRANGEMENTS

#### As lessee

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from one to nine years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

|   | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Audited) |
|---|---|---|
| Within one year, inclusive              | <b>1,960</b>  | 2,617                                       |
| In the second to fifth years, inclusive | <b>3,877</b>  | 2,605                                       |
| After five years                        | <b>1,628</b>  | 2,800                                       |
|   | <b>7,465</b>  | 8,022                                       |

### 26 COMMITMENTS

As at 30 June 2017 and 31 December 2016, the Group had no significant commitments.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 27 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<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Unaudited) |
| Transactions with related parties which are significantly influenced by a close member of beneficial controlling person of the Group |      |   |  |
| Finance lease interest income  | (i)  | 1,078                                     | –  |
| Rental expense   | (i)  | 834                                       | –  |
| Property management fee  | (i)  | 386                                       | –  |

Note:

- (i) The transactions were conducted in accordance with respective contractual terms.
- (b) Balances with related parties which are significantly influenced by a close member of beneficial controlling person of the Group as at the end of the period:

|   | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 31 December<br>2016<br>RMB'000<br>(Restated) |
|---|---|--|
| Trade and loans receivables                 | 157,697                                   | 304,318                                      |
| Prepayments, deposits and other receivables | 1,446                                     | 5,540  |
| Other payables and accruals                 | 21,777                                    | 1,842  |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 27 RELATED PARTY TRANSACTIONS (continued)

(c) Other transactions with related parties:

- (i) Trade and loans receivables of RMB250,540,000 of debt portfolio were transferred from a related party which is significantly influenced by a close member of the beneficial controlling person of the Group during the six months ended 30 June 2017 (for the six months ended 30 September 2016: Nil).
- (ii) During the period for the six months ended 30 June 2017, the Group obtained fund raising through an online peer-to-peer service provider, which has been a related party controlled by a close member of the beneficial controlling person of the Group, from many individual persons with specific contract terms of borrowing period and interest rates. Relevant interest expenses had been paid to the individual persons. No service fee had been charged by this related party for the matching service for the period of six months ended 30 June 2017 (for the six months ended 30 September: Nil). Relevant disclosures are included in Note 18.
- (iii) The Company acquired 100% interest in Tianjin Financial Leasing on 31 January 2017 from related parties which are controlled by a close member of the beneficial controlling person of the Group.

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

|  | For the six months ended                  |   |
|--|---|---|
|  | 30 June<br>2017<br>RMB'000<br>(Unaudited) | 30 September<br>2016<br>RMB'000<br>(Restated) |
| Salaries, other allowances and<br>benefits in kind | 1,235                                     | 2,217   |
| Pension scheme contributions                       | 63  | 15  |
|  | <u>1,298</u>                              | <u>2,232</u>                                  |





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 28 FINANCIAL INSTRUMENTS BY CATEGORY

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

|   | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|---|---|--|
| <b>Financial assets:</b>                    |   |  |
| Trade and loans receivables                 | <b>773,814</b>                                      | 963,966                                      |
| Prepayments, deposits and other receivables | <b>23,237</b>                                       | 27,450                                       |
| Notes receivable                            | –   | 26,835                                       |
| Pledged deposits for bank loans             | <b>650,342</b>                                      | 665,996                                      |
| Cash and cash equivalents                   | <b>1,019,854</b>                                    | 789,683                                      |
|   | <b>2,467,247</b>                                    | 2,473,930                                    |
| <b>Financial liabilities:</b>               |   |  |
| At amortised cost                           |   |  |
| Trade payables                              | <b>24,629</b>                                       | 24,550                                       |
| Other payables and accruals                 | <b>31,353</b>                                       | 16,264                                       |
| Bonds issued                                | <b>27,450</b>                                       | 28,087                                       |
| Interest-bearing bank and other borrowings  | <b>652,098</b>                                      | 636,573                                      |
|   | <b>735,530</b>                                      | 705,474                                      |

### 29 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses 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 chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 29 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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.

As at 30 June 2017 and 31 December 2016, the carrying amount of financial instrument valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

### 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, and trade payables. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities such as cash and bank balances, pledge deposits for bank loans, trade and loans receivables, trade payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings at a floating interest rate. The Group has not used any interest rate swaps to hedge its interest rate risk.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in the future as may be necessary.

As at 30 June 2017, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's operating results before tax for the six months would decrease/increase by approximately RMB1,750,000 (for the six months ended 30 September 2016: Nil). This is mainly attributed to the Group's exposure to the interest rates on its variable-rate bank borrowings.

The Group does not have any significant exposure to the risk of changes in market interest rates in relation to bank balances as these mainly represent demand deposits in banks.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Foreign currency risk

Certain of the Group's trade and loans receivables, cash and bank balances and trade payables are denominated in HK dollars and US dollars, which expose the Group to foreign currency risk. The Group has not used any financial instruments to hedge against currency risk.

As at 30 June 2017, if Hong Kong dollar exchange rates had been 50 basis points higher/lower and all other variables were held constant, the Group's operating results before tax for the six months would decrease/increase by approximately RMB6,517,000 (for the six months ended 30 September 2016: RMB2,000), the Group's equity as at 30 June 2017 would decrease/increase by approximately RMB6,517,000 (as at 30 September 2016: RMB2,000).

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group also requests the customers to provide collateral for real-estate-backed loans and personal property pawn loans arrangement as appropriate. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collateral. In addition, the customers provide leased assets as collateral for finance leases. In the event of default, the Group will proceed with sale of leased assets. Moreover, the Group receives financial guarantees from financial institutions or individuals to secure the other loans arrangement.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and loans receivables are included in Note 12. The Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

#### Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds either through the financial markets or from the realisation of its assets if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

| At 30 June 2017                             | On demand<br>RMB'000 | Less than           | 3 to                              | 1 to 5           | Over               | Total<br>RMB'000 |
|---|----------------------|---------------------|-----------------------------------|------------------|--------------------|------------------|
|   |                      | 3 months<br>RMB'000 | less than<br>12 months<br>RMB'000 | years<br>RMB'000 | 5 years<br>RMB'000 |                  |
| <b>Non-derivative financial liabilities</b> |                      |                     |                                   |                  |                    |                  |
| Other payables and accruals                 | –                    | 31,353              | –                                 | –                | –                  | 31,353           |
| Trade payables                              | 23,162               | 1,467               | –                                 | –                | –                  | 24,629           |
| Bonds issued                                | –                    | –                   | 2,126                             | 8,506            | 31,690             | 42,322           |
| Interest-bearing bank and other borrowings  | –                    | 41,244              | 622,030                           | –                | –                  | 663,274          |
|   | <b>23,162</b>        | <b>74,064</b>       | <b>624,156</b>                    | <b>8,506</b>     | <b>31,690</b>      | <b>761,578</b>   |

#### 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 2017 and the six months ended 30 September 2016.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total borrowings divided by total equity attributable to the owners of the Company.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2017

### 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Capital management (continued)

The debt-to-equity ratio as at the end of the respective reporting periods was as follows:

|  | <b>30 June<br/>2017<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2016<br>RMB'000<br>(Restated) |
|--|---|--|
| Total debt                                   | <b>738,207</b>                                      | 710,276                                      |
| Equity attributable to owners of the Company | <b>1,752,220</b>                                    | 1,790,049                                    |
| Debt-to-equity ratio                         | <b>42.13%</b>                                       | 39.68%                                       |

### 31 EVENT AFTER THE REPORTING PERIOD

On 7 June 2017, Gome Xinda Commercial Factoring Limited ("Xinda Factoring"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Beijing Bosheng Huifeng Business Consulting Co., Limited (the "OPCO"), 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 will provide a loan to the OPCO to acquire the entire equity interest of Tianjin Guanchuang Mei Tong Electronic Commerce Limited from the Sellers.

Upon the completion of the transactions, Xinda Factoring will enter into a series of VIE contracts with the OPCO and its equity owners, pursuant to which Xinda Factoring will have effective control over the OPCO so as to obtain the economic interests and benefits from its business activities despite the lack of registered equity ownership.

The loan agreement and the entry into the VIE Contracts have been approved at the special general meeting of the Company on 25 July 2017.

### 32 COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in the preparation of these interim condensed consolidated financial statements mainly as a result of the common control combination using merger accounting, change in the Group's presentation currency (Note 2.1) and changes in segment reporting (Note 3) to the interim condensed consolidated financial statements.

### 33 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 25 August 2017.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 September 2016: 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 2017, the interests and short positions of the Directors and the chief executive of the Company 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 of the Listing Rules were as follows:

#### Long positions in Shares and Underlying Shares in the Company

Ordinary shares of HK\$0.1 each of the Company

| Name of Director  | Number of shares/underlying shares held in the Company |                    |                                    |                 |                 | % of the issued share capital of the Company<br>(Note 2) | Note |
|-------------------|--|--------------------|------------------------------------|-----------------|-----------------|--|------|
|                   | Personal interest                                      | Corporate interest | Equity derivatives (share options) | Spouse interest | Total interests |  |      |
| Mr. Chung Tat Fun | –  | 60,000,000         | 6,000,000                          | –               | 66,000,000      | 2.44%  | 1    |

Notes:

1. Light Tower Holding Limited ("Light Tower") held 60,000,000 shares. Light Tower is wholly and beneficially owned by Mr. Chung Tat Fun, an executive Director of the Company. Mr. Chung Tat Fun was granted 6,000,000 share options by the Company. By virtue of the SFO, Mr. Chung Tat Fun is deemed to be interested in a total of 66,000,000 shares.
2. As at 30 June 2017, the issued share capital of the Company consisted of 2,701,123,120 shares.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



## OTHER INFORMATION

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

As at 30 June 2017, 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, underlying shares and debentures 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 and Underlying Shares in the Company

*Ordinary shares of HKD0.1 each of the Company*

| Name of Shareholders                              | Capacity/Nature of interests           | Number of shares held in the Company | Number of shares subject to options | Total         | Approximate percentage of interests as to the issued share capital of the Company | Notes |
|---|--|--------------------------------------|-------------------------------------|---------------|---|-------|
| Swiree Capital Limited ("Swiree")                 | Beneficial owner                       | 1,653,073,872                        | Nil                                 | 1,653,073,872 | 61.20   | 1     |
| Ms. Du Juan                                       | Corporate interest                     | 1,653,073,872                        | Nil                                 | 1,653,073,872 | 61.20   | 1     |
| Mr. Wong Kwong Yu                                 | Spouse interest                        | 1,653,073,872                        | Nil                                 | 1,653,073,872 | 61.20   | 1     |
| Richlane Ventures Limited ("Richlane")            | Beneficial owner                       | 275,512,312                          | Nil                                 | 275,512,312   | 10.20   | 2     |
| Mr. Ko Chun Shun, Johnson                         | Beneficial owner<br>Corporate interest | 15,000,000<br>277,776,312            | Nil                                 | 292,776,312   | 10.84   | 2     |
| Best Global Ventures Limited ("Best Global")      | Beneficial owner                       | 137,756,156                          | Nil                                 | 137,756,156   | 5.10  | 3     |
| Gate Success Investments Limited ("Gate Success") | Corporate interest                     | 137,756,156                          | Nil                                 | 137,756,156   | 5.10  | 3     |
| Ms. Yu Nan  | Corporate interest                     | 137,756,156                          | Nil                                 | 137,756,156   | 5.10  | 3     |

#### Notes:

- Swiree is wholly owned by Ms. Du Juan. Therefore, Ms. Du Juan is deemed to be interested in the shares held by Swiree. Mr. Wong Kwong Yu is the husband of Ms. Du Juan and therefore is deemed to be interested in the shares held by Swiree.
- Mr. Ko Chun Shun Johnson holds 15,000,000 shares directly and also owns the entire share capital of Richlane and Peninsula Resources Limited ("Peninsula"), which owned 2,264,000 shares as at 30 June 2017. Mr. Ko Chun Shun Johnson is deemed to be interested in the shares held by Richlane and Peninsula.
- Best Global is wholly and beneficially owned by Gate Success, which is wholly and beneficially owned by Ms. Yu Nan. Both Gate Success and Ms. Yu Nan are deemed to be interested in 137,756,156 shares.

Save as disclosed above, as at 30 June 2017, the Company has 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.

## OTHER INFORMATION

### 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 of the Company may not exceed 10 percent 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 of the Company in any 12 month period shall not exceed 1% of the total number of shares in issue.

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HK\$0.1 each to a number of eligible participants (the "Grantees") under the Scheme. Each option shall entitle the Grantees to subscribe for one share upon exercise of such option at an exercise price of HK\$1.25 per share.

The term and conditions of the options granted at 2 September 2014 are stipulated as below:

| <b>Grantees</b>                    | <b>Directors</b>                                       | <b>Consultant</b>                                      |
|------------------------------------|--|--|
| Start Date                         | 2 September 2014                                       | 2 September 2014                                       |
| Expiry Date                        | 1 September 2017                                       | 1 September 2017                                       |
| Exercise Price                     | HK\$1.25 per share                                     | HK\$1.25 per share                                     |
| Earliest Exercise Date             | Tranche 1: 2 September 2014<br>Tranche 2: 2 March 2015 | Tranche 1: 2 September 2014<br>Tranche 2: 2 March 2015 |
| Number of Share<br>Options Granted | Tranche 1: 9,000,000<br>Tranche 2: 9,000,000           | Tranche 1: 1,500,000<br>Tranche 2: 1,500,000           |

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HK\$0.1 each of the share to the Grantees under the Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK\$1.23 per share.

The term and conditions of the options granted at 30 September 2014 are stipulated as below:

| <b>Grantees</b>                 | <b>Directors</b>   | <b>Consultant/Employees</b>                              |
|---------------------------------|--|--|
| Start Date                      | 30 September 2014  | 30 September 2014  |
| Expiry Date                     | 29 September 2017  | 29 September 2017  |
| Exercise Price                  | HK\$1.23 per share                                       | HK\$1.23 per share                                       |
| Earliest Exercise Date          | Tranche 1: 30 September 2014<br>Tranche 2: 30 March 2015 | Tranche 1: 30 September 2014<br>Tranche 2: 30 March 2015 |
| Number of Share Options Granted | Tranche 1: 3,000,000<br>Tranche 2: 3,000,000             | Tranche 1: 16,500,000<br>Tranche 2: 16,500,000           |





## OTHER INFORMATION

At 30 June 2017, the number of shares in respect of which option had been granted and remained outstanding under the Scheme was 24,000,000, representing 0.89% of the shares in issue at that date. As at the date of this report, the total number of share option that can be granted was 36,157,078, representing 1.34% of the issued share capital of the Company.

The fair value of the share options granted at 2 September 2014 was HK\$8,336,000. Options were priced using a binomial option pricing model.

### Inputs into the model

| Grantees                           | Directors                        | Consultant                       |
|------------------------------------|----------------------------------|----------------------------------|
| Option Life                        | 3 years                          | 3 years                          |
| Vesting Period (in year)           | Tranche 1: N/A<br>Tranche 2: 0.5 | Tranche 1: N/A<br>Tranche 2: 0.5 |
| Risk-free Rate                     | 0.709%                           | 0.709%                           |
| Grant Date Share Price             | HK\$1.25 per share               | HK\$1.25 per share               |
| Exercise Price                     | HK\$1.25 per share               | HK\$1.25 per share               |
| Expected Exercise Multiple         | 2.8x of the exercise price       | 2.2x of the exercise price       |
| Expected Dividend Yield            | 0%                               | 0%                               |
| Expected Volatility of Share Price | 46.72%                           | 46.72%                           |

The fair value of the share options granted at 30 September 2014 was HK\$15,021,000. Options were priced using a binomial option pricing model.

### Inputs into the model

| Grantees                           | Directors                        | Consultant/Employees             |
|------------------------------------|----------------------------------|----------------------------------|
| Option Life                        | 3 years                          | 3 years                          |
| Vesting Period (in year)           | Tranche 1: N/A<br>Tranche 2: 0.5 | Tranche 1: N/A<br>Tranche 2: 0.5 |
| Risk-free Rate                     | 0.925%                           | 0.925%                           |
| Grant Date Share Price             | HK\$1.23 per share               | HK\$1.23 per share               |
| Exercise Price                     | HK\$1.23 per share               | HK\$1.23 per share               |
| Expected Exercise Multiple         | 2.8x of the exercise price       | 2.2x of the exercise price       |
| Expected Dividend Yield            | 0%                               | 0%                               |
| Expected Volatility of Share Price | 45.72%                           | 45.72%                           |

Expected volatility of share prices was determined with reference to annualised historical weekly volatility of comparable listed companies' shares prices.

## OTHER INFORMATION

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

The following table discloses movements of the Company's share option held by Directors and employees during six months ended 30 June 2017.

|                     | Number of share options                |                                    |                                      |                                   | Outstanding<br>at 30<br>June<br>2017 | Exercise<br>price<br>HKD | Date of grant        | Exercise<br>period                        |
|---------------------|--|------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------|----------------------|---|
|                     | Outstanding<br>at<br>1 January<br>2017 | Granted<br>during<br>the<br>period | Exercised<br>during<br>the<br>period | Lapsed<br>during<br>the<br>period |                                      |                          |                      |   |
| <b>Director</b>     |  |                                    |                                      |                                   |                                      |                          |                      |   |
| Mr. Chung Tat Fun   | 3,000,000                              | -                                  | -                                    | -                                 | 3,000,000                            | 1.23                     | 30 September<br>2014 | 30 September 2014 to<br>29 September 2017 |
|                     | 3,000,000                              | -                                  | -                                    | -                                 | 3,000,000                            | 1.23                     | 30 September<br>2014 | 30 March 2015 to<br>29 September 2017     |
|                     | <u>6,000,000</u>                       | <u>-</u>                           | <u>-</u>                             | <u>-</u>                          | <u>6,000,000</u>                     |                          |                      |   |
| <b>Employees</b>    | 3,000,000                              | -                                  | -                                    | -                                 | 3,000,000                            | 1.25                     | 2 September<br>2014  | 2 September 2014 to<br>1 September 2017   |
|                     | 3,000,000                              | -                                  | -                                    | -                                 | 3,000,000                            | 1.25                     | 2 September<br>2014  | 2 March 2015 to<br>1 September 2017       |
| <i>In Aggregate</i> | 9,000,000                              | -                                  | -                                    | (3,000,000)                       | 6,000,000                            | 1.23                     | 30 September<br>2014 | 30 September 2014 to<br>29 September 2017 |
|                     | 9,000,000                              | -                                  | -                                    | (3,000,000)                       | 6,000,000                            | 1.23                     | 30 September<br>2014 | 30 March 2015 to<br>29 September 2017     |
|                     | <u>24,000,000</u>                      | <u>-</u>                           | <u>-</u>                             | <u>(6,000,000)</u>                | <u>18,000,000</u>                    |                          |                      |   |
| <b>Total</b>        | <u>30,000,000</u>                      | <u>-</u>                           | <u>-</u>                             | <u>(6,000,000)</u>                | <u>24,000,000</u>                    |                          |                      |   |



## OTHER INFORMATION

### CHANGE OF COMPANY NAME AND COMPANY LOGO

The change of the English name of the Company from “Sino Credit Holdings Limited” to “Gome Finance Technology Co., Ltd.” and the adoption of “國美金融科技有限公司” as the secondary name in Chinese to replace “華銀控股有限公司” which was used for identification purposes were approved by the shareholders of the Company at the special general meeting held on 6 February 2017. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 24 February 2017. The conditions for the Change of Company Name have therefore been satisfied and the change of the English name of the Company and the adoption of Chinese secondary name became effective on 15 February 2017. The Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 9 March 2017.

The Board considers that the new name better reflects the current business focus of the Group and its direction of future development.

The Company has adopted  as the new logo with effect from 14 March 2017.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017, except for the deviation of code provisions A.2.1 and A.6.7.

#### i. Code provision A.2.1

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.

Mr. Chung Tat Fun had assumed the duties of the Chairman of the Board and the chief executive officer (“CEO”) of the Company between 1 August 2015 and 7 April 2017. The Board considered that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group’s business strategies and maximizes effectiveness of its operation.

Mr. Chung Tat Fun then has stepped down from the positions of CEO and the Chairman of the Board, and Mr. Liu Xiaopeng was appointed as the CEO, both with effect from 7 April 2017. The Board is considering suitable candidate to be elected as the Chairman and shall nevertheless review the structure of the Board from time to time.

## OTHER INFORMATION

### ii. Code provision A.6.7

Pursuant to code provision A.6.7 of the CG Code, independent non-executive Directors and non-executive Directors should attend general meeting in order to develop a balanced view of the shareholders. Due to the various business commitments, not all the independent non-executive Directors and non-executive Directors of the Company attended the special general meeting of the Company held on 6 February 2017 and the annual general meeting of the Company held on 23 May 2017. The Company will finalize and inform the dates of the general meetings as earliest as possible to make sure that all the independent non-executive Directors and non-executive Directors can attend the general meetings in future.

### MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of 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 2017.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2017 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

### CHANGE OF DIRECTOR'S INFORMATION

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this Report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report. The change of Director's information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

Mr. Hung Ka Hai Clement was appointed as an independent non-executive director of Sheng Ye Capital Limited (stock code: 8469) with effect from 5 July 2017.



## OTHER INFORMATION

### AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk assessment. The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Zhang Liqing and Mr. Li Liangwen.

The Audit Committee met with the management and external auditors on 25 August 2017, to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's interim results for the six months ended 30 June 2017, which have been reviewed by the Company's external auditors, before proposing to the Board for approval.

### BOARD OF DIRECTORS

As at the date hereof, the executive Directors are Mr. Chung Tat Fun, Mr. Ding Donghua and Mr. Zhang Jun; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Zhang Liqing, Mr. Li Liangwen and Mr. Hung Ka Hai Clement.

### 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.**  
**Ding Donghua**  
*Executive Director*

Hong Kong, 25 August 2017