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

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)

CONTINUING CONNECTED TRANSACTION
NEW FINANCIAL LEASING SERVICE
FRAMEWORK AGREEMENT

NEW FINANCIAL LEASING SERVICE FRAMEWORK AGREEMENT

As the Existing Financial Leasing Service Framework Agreement will expire on 31 March 2019, the Company and Swire entered into the New Financial Leasing Service Framework Agreement on 29 March 2019 to renew the framework for the provision of financial leasing loans by the Group to the GOME Customers where the proceeds from the relevant loans will be used by such GOME Customers to purchase goods from the GOME Group. The New Financial Leasing Service Framework Agreement has a term commencing from 1 April 2019 up to and including 31 December 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

Based on the proposed annual caps of the transactions contemplated under the New Financial Leasing Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the New Financial Leasing Service Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

NEW FINANCIAL LEASING SERVICE FRAMEWORK AGREEMENT

The principal terms of the New Financial Leasing Service Framework Agreement are as follows:

- Date:** 29 March 2019

- Parties:**
 - (i) the Company

 - (ii) Swiree

- Term:** The New Financial Leasing Service Framework Agreement has a term commencing from 1 April 2019 up to and including 31 December 2021 (both days inclusive).

- Subject:** Pursuant to the New Financial Leasing Service Framework Agreement, members of the Group may grant financial leasing loans to the GOME Customers from time to time, which are used by such GOME Customers to purchase goods by wholesale from the GOME Group or purchase goods from GOME Group’s designated outlets through which such retail customers can get access to the Group’s financial leasing service and products. The GOME Customers shall pay rents, interest and/or other charges (if applicable) to the relevant members of the Group for the financial leasing services.

- Guiding principles for providing the GOME Connected Financial Leasing**
 - (i) The members of the Group may from time to time and in view of their business demand enter into separate financial leasing agreements with the GOME Customers (the “**Individual Financial Leasing Agreement(s)**”), which shall comply with the terms and conditions as set out in the New Financial Leasing Service Framework Agreement. Terms of an Individual Financial Leasing Agreement shall be negotiated at arm’s length and determined by such member of the Group and the relevant GOME Customer based on normal commercial terms and with reference to the terms and conditions of comparable services offered by the Group to independent third parties with reference to the prevailing terms and conditions of other comparable financial leasing loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company (as described in the paragraph headed “Loan making processes” below). The transactions contemplated thereunder shall be fair and reasonable.

- (ii) Details of the terms of the Individual Financial Leasing Agreements shall be determined in accordance with the conditions and principles set out in the New Financial Leasing Service Framework Agreement and in case there is any conflict between the New Financial Leasing Service Framework Agreement and any Individual Financial Leasing Agreement, conditions and principles of the New Financial Leasing Service Framework Agreement shall prevail.
- (iii) The aggregate principal amount of any outstanding GOME Connected Financial Leasing which may be granted by the Group under the Individual Financial Leasing Agreements entered/to be entered into pursuant to the New Financial Leasing Service Framework Agreement are subject to the following proposed annual caps:

For the nine months ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
RMB7,500,000	RMB7,500,000	RMB7,500,000

Historical transaction amounts

The highest outstanding principal amount of GOME Connected Financial Leasing during the years ended 31 December 2017 and 2018 and the two months ended 28 February 2019 are as follows:

For the year ended 31 December 2017	For the year ended 31 December 2018	For the two months ended 28 February 2019
RMB7,689,000	RMB14,586,000	RMB6,370,000

As at the date of this announcement, the annual caps for the GOME Connected Financial Leasing for the three years ended/ending 31 March 2019 under the Existing Financial Leasing Service Framework Agreement have not been exceeded.

Proposed annual caps

As stated in the New Financial Leasing Service Framework Agreement, the aggregate principal amount of any outstanding GOME Connected Financial Leasing which may be granted by the Group during the nine months ending 31 December 2019 and the two years ending 31 December 2021 are subject to the following proposed annual caps:

	For the nine months ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
GOME Connected Financial Leasing	RMB7,500,000	RMB7,500,000	RMB7,500,000

The above proposed annual caps for the GOME Connected Financial Leasing are determined principally by reference to the following factors:

- (a) The historical transaction amounts in respect of the GOME Connected Financial Leasing for the years ended 31 December 2017 and 2018 and the two months ended 28 February 2019 as set out under “Historical transaction amounts” above;
- (b) The demand from the GOME Customers on financial leasing services as estimated by the Group based on the information available to the Group; and
- (c) The historical revenue of the GOME Group which amounted to approximately RMB71,575 million and RMB34,706 million for the year ended 31 December 2017 and the six months ended 30 June 2018 as disclosed in GOME’s annual report 2017 published on 27 April 2018 and GOME’s interim report 2018 published on 28 September 2018, respectively.

LOAN MAKING PROCESSES

The Group has established internal procedures and workflow in approving and monitoring loan applications and loans granted, including but not limited to the GOME Connected Financial Leasing. Terms of financial leasing loan are all pre-determined in accordance with the Group’s pricing policy (which covers the interest rate, the term and credit limit of a loan) applicable to both connected and unconnected loans as formulated and updated by the Finance Department every quarter, with reference to, among other matters, the terms of comparable types of products offered by identified major competitors of the Group, such terms to which the Company may have access through publicly available sources and other market research by the Group. For reference, during the year ended 31 December 2018 and up to date of this announcement, the interest rate for all GOME Connected Financial Leasing has been 13% per annum.

The Risk Audit Department of the Group assesses the credit risk grading of the borrower based on the system and guidelines approved by the Board. A loan application will not be accepted if a borrower does not meet the Group’s requirements based on the results of its due diligence finding including the repayment history and default risk of a borrower.

Once a loan application has been approved, a loan agreement will be entered into between the Group and the borrower and the Finance Department of the Group will release the loan.

INTERNAL CONTROL AND RISK MANAGEMENT POLICY OF THE GROUP

The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The Board will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts. All key management of the Group who are responsible for managing the Group’s financial service business are independent from the GOME Group.

The responsibilities of the departments involving in the key loan making processes are as follows:

Department/Personnel	Roles
Business Department/ Service counter	<ul style="list-style-type: none"> – collection of overdue loans – monitoring collection of the loans and carrying out necessary follow up work
Risk Audit Department	<ul style="list-style-type: none"> – formulating credit control/risk management policy to be considered and approved by the Board – recommending to the Board the credit control/ risk management policy – approving loan applications within the thresholds approved by the Board
Finance Department	<ul style="list-style-type: none"> – releasing of funding to borrowers – monitoring collection of the loans and carrying out necessary follow up work
Board	<ul style="list-style-type: none"> – setting the interest rates terms and credit limit applicable to different types of loans – approving credit control/risk management/ loan approval policy – approving larger loan applications beyond the approval threshold of the Finance Department
Audit Committee	<ul style="list-style-type: none"> – reviewing the internal audit function and the continuing connected transactions

In addition, the Company will keep track of the amounts of loan receivables.

The financial leasing loans are asset-backed. If a borrower defaults, the Group will be contractually entitled to sell the assets leased to the borrower and use the sale proceeds to settle the relevant loans. If the sale proceeds is not enough to cover loan amount, the Group can still demand repayment from the borrower for the remaining sum.

If a connected financial leasing that is equal to or exceeds the internal threshold, i.e. currently RMB500,000, set by the Board from time to time (applicable to all loans including both connected and unconnected loans) (the “**Threshold**”), the Risk Audit Department will submit such connected loan application to the designated executive Director for review and checking. The designated executive Director will obtain the latest available unutilized proposed annual cap amount for the relevant connected loan from the Finance Department to ensure that such limit will not be exceeded if such connected loan is granted. After the designated executive Director has conducted the above checks and confirmed that the granting of such connected loan will not result in the proposed annual cap amount being exceeded, the designated executive Director will then submit such loan application to the Board for approval. If after conducting the above checks, the executive Director considers that the granting of such connected loan may result in the proposed annual cap amount being exceeded, the designated executive Director will reject such connected loan application.

In respect of a connected financial leasing that is below the Threshold, the same procedures apply, except that such connected loan will be reviewed and approved by the Risk Audit Department.

After a connected financial leasing is approved, the Finance Department will be responsible for second reviewing and checking that the amounts of such connected loans, if granted, are within the proposed annual cap amount before releasing the relevant funds to the relevant loan applicants. As such, the Group will not grant any connected loan, if granting such loan will lead to any of the proposed annual cap amounts being exceeded.

Based on the above, the Directors consider that the internal control procedures are adequate and sufficient to ensure that the proposed annual caps will not be exceeded.

REASONS AND BENEFITS

Prior to entering into the New Financial Leasing Service Framework Agreement, the Group has been providing financial leasing services to certain GOME Customers pursuant to the Existing Financial Leasing Service Framework Agreement which are deemed to be continuing connected transactions of the Company under the Listing Rules.

The Board expects that the Group will continue to provide the GOME Connected Financial Leasing to the GOME Customers going forward as the revenue generated from the GOME Connected Financial Leasing can provide a source of income for the Group.

The transactions in relation to the GOME Connected Financial Leasing are currently regulated by the framework set out in the Existing Financial Leasing Service Framework Agreement which will expire on 31 March 2019. The Company is required to enter into the New Financial Leasing Service Framework Agreement to cover the transactions in respect of the provision of the GOME Connected Financial Leasing for the nine months ending 31 December 2019 and the two years ending 31 December 2021 for compliance with Rules 14A.35 and 14A.51 of the Listing Rules in light of the expiry of the Existing Financial Leasing Service Framework Agreement.

The Directors (including the independent non-executive Directors) consider that the New Financial Leasing Service Framework Agreement is entered into in the ordinary course of business of the Group and the terms of the New Financial Leasing Service Framework Agreement and the proposed annual caps thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES INVOLVED

The Group

The Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, real estate-backed loan services, personal property pawn loan services, other loans services, financial leasing services, and financial consulting services in the PRC and money lending services in Hong Kong.

Swiree

Swiree is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Du, the spouse of Mr. Wong (who is the controlling shareholder of GOME). Swiree is a controlling shareholder of the Company and is interested in approximately 61.20% of the issued share capital of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

References are made to the Company's announcement and circular both dated 5 August 2016. Whilst the GOME Customers do not fall into the categories of connected persons of the Company as described in Rules 14A.07(1) to (5) of the Listing Rules, the Stock Exchange has deemed the GOME Connected Financial Leasing to be continuing connected transactions of the Company under Rule 14A.20 of the Listing Rules on the ground that benefit may be conferred on the GOME Group from the provision of the financial leasing services by the Group to the GOME Customers. As a result, the entering into of the New Financial Leasing Service Framework Agreement and the transactions thereunder will be subject to the applicable requirements under Chapter 14A of the Listing Rules.

Based on the proposed annual caps of the transactions contemplated under the New Financial Leasing Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the New Financial Leasing Service Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

GENERAL

None of the Directors has any material interest in the New Financial Leasing Service Framework Agreement or the transactions contemplated thereunder, and therefore none of them has to abstain from voting on the relevant resolutions of the Board approving these agreements and the transactions contemplated thereunder.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

- “associate(s)” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors
- “Company” Gome Finance Technology Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 628)
- “connected person(s)” has the meaning ascribed to it under the Listing Rules
- “controlling shareholder(s)” has the meaning ascribed to it under the Listing Rules
- “Director” the directors of the Company
- “Existing Financial Leasing Service Framework Agreement” the financial leasing service framework agreement entered into between the Company and Swiree dated 5 August 2016 in respect of the provision of financial leasing services by the Group to the GOME Customers, details of which are set out in the Company’s announcement and circular both dated 5 August 2016
- “GOME” GOME Retail Holdings Limited, (stock code: 493), a company incorporated in Bermuda with limited liability and the issued ordinary shares of which are listed on the main board of the Stock Exchange

“GOME Connected Financial Leasing”	financial leasing loans granted or to be granted by the Group to the GOME Customers to finance the purchase of goods by such GOME Customers from the GOME Group
“GOME Customer(s)”	wholesale and/or retail customer(s) of the GOME Group who entered into financial leasing loans arrangement with the Group
“GOME Group”	GOME and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Kwong Yu (黃光裕先生), the husband of Ms. Du
“Ms. Du”	Ms. Du Juan (杜鵑女士), a controlling shareholder of the Company holding approximately 61.20% interest in the issued share capital of the Company
“New Financial Leasing Service Framework Agreement”	the financial leasing service framework agreement entered into between the Company and Swiree dated 29 March 2019 in respect of the provision of financial leasing services by the Group to the GOME Customers
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Swiree” Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du

“%” per cent.

By order of the Board
Gome Finance Technology Co., Ltd.
Chen Wei
Executive Director

Hong Kong, 29 March 2019

As at the date of this announcement, the Company’s executive Directors are Mr. Ding Donghua, Ms. Chen Wei and Mr. Chung Tat Fun; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Zhang Liqing, Mr. Li Liangwen, Mr. Hung Ka Hai Clement and Mr. Wan Jianhua.

* *for identification purpose only*