
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Gome Finance Technology Co., Ltd., you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 TRANSACTIONS: (1) EXTENDED WARRANTY SERVICES COOPERATION AGREEMENT AND (2) EXTENDED WARRANTY REPAIR COOPERATION AGREEMENT AND NOTICE OF SGM

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



A letter from the Board is set out on pages 5 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from Gram Capital Limited is set out on pages 24 to 44 of this circular.

A notice convening the SGM to be held at Victoria Room I, 3/F, The Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Monday, 29 June 2020, at 11:00 am (or immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held at the same venue and on the same day at 10:30 am) is set out on pages 50 to 52 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the attendees and to prevent the spreading of the Novel Coronavirus ("COVID-19") pandemic, including:

- (1) compulsory body temperature check;
- (2) compulsory wearing of surgical face mask; and
- (3) no refreshments or drinks will be served.

Attendees who do not comply with the precautionary measures (1) and (2) above may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law. The Company wishes to advise the Shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements. Shareholders should check the websites of the Company and the Stock Exchange for further announcement and update on the SGM arrangements, if any.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 3 April 2020 in relation to, among other things, the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and the proposed annual caps for those transactions
“associate(s)”	has the meaning ascribed thereto 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(s)”	the director(s) of the Company
“Extended Warranty Repair Cooperation Agreement”	the extended warranty repair cooperation agreement dated 3 April 2020 entered into between Gome Wangjin and Gome Hengyuan, pursuant to which the Repair Companies will provide repairing and replacement services for the electronic products for which Gome Wangjin provides extended warranty services for a term commencing from 3 April 2020 to 31 December 2021
“Extended Warranty Services Cooperation Agreement”	the extended warranty services cooperation agreement dated 3 April 2020 entered into among Gome Wangjin, Tianjin Pengsheng, GOME Steward and GOME-on-line, pursuant to which Gome Wangjin will provide extended warranty services for certain electronic products sold by the GOME Group for a term commencing from 3 April 2020 to 31 December 2021
“GOME”	GOME Retail Holdings Limited, 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 (stock code: 493)
“GOME Group”	GOME and its subsidiaries
“Gome Hengyuan”	國美恆遠電器維修服務有限公司 (Gome Hengyuan Electrical Appliances Repairing Services Limited*), a company established under the laws of the PRC with limited liability, which is a subsidiary of GOME

DEFINITIONS

“GOME-on-line”	國美在線電子商務有限公司 (GOME-on-line e-Commerce, Ltd.*), a company established under the laws of the PRC with limited liability, which is a subsidiary of GOME
“GOME Steward”	北京國美管家信息技術有限公司 (Beijing GOME Steward IT Co., Ltd. *), a company established under the laws of the PRC with limited liability, which is a subsidiary of GOME
“Gome Wangjin”	國美網金(北京)科技有限公 司 (Gome Wangjin (Beijing) Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the respective transactions contemplated thereunder and the proposed annual caps for those transactions
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions
“Independent Shareholders”	all Shareholders other than the Shareholders with a material interest in transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement
“Latest Practicable Date”	22 May 2020, being the latest practicable date before printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

DEFINITIONS

“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
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Repair Companies”	Gome Hengyuan and the companies represented by Gome Hengyuan under the Extended Warranty Repair Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Service Companies”	Tianjin Pengsheng, GOME Steward and GOME-on-line and the companies represented by them under the Extended Warranty Services Cooperation Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened and held on Monday, 29 June 2020, the notice of which is set out on pages 50 to 52 of this circular, and any adjournment thereof for the purpose of considering, and if thought fit, approving, among other things, the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Swiree”	Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du

DEFINITIONS

“Tianjin Pengsheng” 天津鹏盛物流有限公司 (Tianjin Pengsheng Logistics Co., Ltd.*), a company established under the laws of the PRC with limited liability, which is a subsidiary of GOME

“%” per cent.

* *The English transliteration of the Chinese name(s) in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

LETTER FROM THE BOARD



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)

Executive Directors:

Ms. Chen Wei

Mr. Chung Tat Fun

Non-executive Director:

Ms. Wei Qiuli

Independent Non-executive Directors:

Mr. Cao Dakuan

Mr. Hung Ka Hai Clement

Mr. Wan Jianhua

Mr. Zhang Liqing

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

27 May 2020

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS:

**(1) EXTENDED WARRANTY SERVICES COOPERATION AGREEMENT
AND**

(2) EXTENDED WARRANTY REPAIR COOPERATION AGREEMENT

I. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders, (iii) the advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and the proposed annual caps for those transactions, (iv) the notice of SGM; and (v) other information as required under the Listing Rules.

II. EXTENDED WARRANTY SERVICES COOPERATION AGREEMENT

On 3 April 2020, Gome Wangjin, an indirect wholly-owned subsidiary of the Company, entered into the Extended Warranty Services Cooperation Agreement with Tianjin Pengsheng, GOME Steward and GOME-on-line (for themselves and on behalf of the other Service Companies), pursuant to which Gome Wangjin will provide extended warranty services, including repairing and replacement services, for certain electronic products sold by the GOME Group for one-off service fees in return.

The principal terms of the Extended Warranty Services Cooperation Agreement are as follows:

- Parties:**
- (i) Gome Wangjin;
 - (ii) Tianjin Pengsheng;
 - (iii) GOME Steward; and
 - (iv) GOME-on-line.
- Term:** From 3 April 2020 up to and including 31 December 2021 (both days inclusive).
- Subject:** The GOME Group may from time to time offer extended warranty for electronic products such as mobile phones, digital cameras, computers and home appliances including air conditioners, washing machines and refrigerators, amongst others, for purchase by its customers. The customers who elect to purchase extended warranty services for such electronic products will be required to enter into separate agreements containing standard terms and conditions (the “**Individual Extended Warranty Agreement(s)**”) with the relevant Service Companies.

LETTER FROM THE BOARD

Pursuant to the Extended Warranty Services Cooperation Agreement, the Service Companies will pay Gome Wangjin one-off service fees for the provision of extended warranty services pursuant to each Individual Extended Warranty Agreement, and in return Gome Wangjin will procure for the provision of the extended warranty services, including repairing and replacement services, for the electronic products covered by such Individual Extended Warranty Agreements upon occurrence of warranty claims within the applicable extended warranty periods. Gome Wangjin will not receive any service fees from the end customers pursuant to the Individual Extended Warranty Agreements.

The extended warranty period provided under the Individual Extended Warranty Agreements may last for six (6) months to ten (10) years after expiry of the basic warranty period depending on the category of electronic products being covered. The total warranty period (i.e. the basic warranty period plus the extended warranty period) may be up to fourteen (14) years after the date of the relevant Individual Extended Warranty Agreements for certain electronic products. The Directors consider that such extended warranty period is a normal commercial term and is comparable to similar services available in the market within the knowledge of the Group.

Pursuant to the Extended Warranty Services Cooperation Agreement, Gome Wangjin's liability for each electronic product covered under the extended warranty services will be subject to the agreed cap amount set out in the Extended Warranty Services Cooperation Agreement with reference to the retail price of such electronic product.

**Service Fees and
Payment:**

During the term of the Extended Warranty Services Cooperation Agreement, Gome Wangjin will be provided monthly reports of electronic products for which extended warranty services have been purchased. Gome Wangjin will issue invoices based on such reports, and the Service Companies will settle the service fees within thirty (30) business days after their receipt of the invoices.

LETTER FROM THE BOARD

The Extended Warranty Services Cooperation Agreement sets out specific service fees for each category of electronic products. Such service fees have been determined by the Group primarily with reference to the historical data on similar extended warranty services available to the Company. Specifically, as the product range under the Extended Warranty Services Cooperation Agreement is wide and the Group does not have its own historical data (such as the historical repair and replacement costs and ratio) based on which to build a new price list, the Group has obtained a price list of the extended warranty services provided by a third party to the GOME Group previously. The Company understands that the third party is experienced in evaluating and pricing risks in its ordinary course of business. As such price list represents the actual prices charged by the third party for providing similar services to the GOME Group, the Company believes that the price list was determined on normal commercial terms. The Company has performed a sample check on key products to verify the price list and ensure that the service fees could provide the Group with positive and reasonable gross profit of approximately 25% to 50% on an annualized basis after taking into account the direct costs (such as repair and replacement costs and insurance costs). In this connection, a number of factors have been taken into account, including, among others: (1) the retail price range of the products; (2) the duration of the extended warranty of such products; (3) the maximum liability for each product covered by the extended warranty; and (4) the product repair and replacement costs and ratio. The sample check performed by the Company conforms to the common industry practice based on the experience of the relevant management personnel of the Group. The Company has also obtained quotations from insurance companies for providing insurance coverage to manage its exposure to potential warranty claims and taken the potential insurance costs into account. Following the Company's review, the price list was adopted and modified to the extent considered necessary. The Company takes the view that it is reasonable and efficient to modify and adopt the price list as it would be time consuming, costly and challenging for the Group to build its own price list from scratch.

The operations team will monitor the repair and replacement costs and ratio on a regular basis with monthly report to the management. If there is any increment over the relevant thresholds in respect of any type of products, the operations team will review the pricing applicable to the relevant products. Gome Wangjin may reject new requests for extended warranty services of the relevant products if it reasonably determines that it will not be able to generate reasonable profits from the provision of such extended warranty services. Gome Wangjin may also adjust the amount of service fees to be charged on the Service Companies for the new transactions where appropriate.

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Based on the foregoing, the Company is of the view that the service fees payable to Gome Wangjin are comparable to the service fees charged by third parties for providing similar services and are on normal commercial terms.

The Company understands that certain service fees would be payable by the end customers to the Service Companies upon entering of the Individual Extended Warranty Agreements. The amount of service fees that the Service Companies may charge on the end customers are determined by the Service Companies and may be adjusted by the Service Companies from time to time. The amount may or may not exceed the one-off service fees payable to Gome Wangjin (i.e. the Service Companies may earn a net positive difference if the service fees that they charge on the end customers are higher than the service fees that they pay to Gome Wangjin).

However, the amount of service fees that may be charged by the Service Companies on the end customers is not relevant to the Company for the purposes of determining the one-off service fees receivable by Gome Wangjin under the Extended Warranty Services Cooperation Agreement. From the Company's perspective, the core value of providing the extended warranty services to the GOME Group is to effectively hedge the risks and uncertainties that would otherwise be borne by the GOME Group for offering extended product warranty to its customers, and in return the Group will receive one-off service fees from the GOME Group. It is not the Company's intention to build up its own direct sales channel for offering product warranty services to general retail consumers and to eventually replace the Service Companies in the value chain. Without the cooperation with the GOME Group, the Group would not be able to reach out to the retail customers of the GOME Group directly and offer the extended warranty services to them. The service fees that GOME Group may charge on the end consumers are irrelevant to the Company for the purpose of its pricing policy.

The Company expects to charge the same service fees on independent third parties for the provision of extended warranty services by the Group if all the relevant factors are the same (i.e. same product, same conditions and same term of extended warranty).

LETTER FROM THE BOARD

**Amendments to
Standard Terms and
Conditions:**

The Individual Extended Warranty Agreements will set out certain standard terms and conditions of the extended product warranty including the scope and exclusion of warranty and the procedures for product repair and/or replacement. In the event that the foregoing has to be amended (e.g. where there is a change in the procedures for product repair and/or replacement), the form of the Individual Extended Warranty Agreements may have to be amended. As any changes in those standard terms and conditions may affect the way by which product warranty claims and services would be provided and therefore may affect Gome Wangjin's liabilities and obligations under the Extended Warranty Services Cooperation Agreement, therefore any amendments to the standard terms and conditions would be subject to the prior written approval of Gome Wangjin.

It is expected that any amendments will only affect future Individual Extended Warranty Agreements but not those already signed. Thus, any such amendments will not affect the one-off service fees already received by Gome Wangjin at the relevant time and Gome Wangjin will continue to provide extended warranty services pursuant to the existing Individual Extended Warranty Agreements.

Guiding principles:

Terms of an Individual Extended Warranty Agreement shall be based on normal commercial terms and with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Group. The transactions contemplated thereunder shall be fair and reasonable.

Termination:

Gome Wangjin may, at any time during the term of the Extended Warranty Services Cooperation Agreement, terminate the Extended Warranty Services Cooperation Agreement or reject new request(s) for extended warranty services thereunder if Gome Wangjin reasonably determines that Gome Wangjin will not be able to generate reasonable profits from the provision of such extended warranty services (whether due to adjustments of the repairing fees, replacement costs or otherwise), without prejudice to any extended warranty services that Gome Wangjin has already agreed to undertake. In the event of termination of the Extended Warranty Services Cooperation Agreement, Gome Wangjin will continue to provide extended warranty services in respect of the Individual Extended Warranty Agreements which are entered into prior to the termination.

LETTER FROM THE BOARD

Gome Wangjin is also entitled under the Extended Warranty Services Cooperation Agreement to suspend the performance of its obligations thereunder or designate a third party approved by Tianjin Pengsheng, GOME Steward or GOME-on-line (as the case may be) to perform such obligations in its place from time to time if it reasonably determines that the applicable annual caps as may be announced by the Company for the transactions contemplated thereunder may be exceeded.

III. EXTENDED WARRANTY REPAIR COOPERATION AGREEMENT

On 3 April 2020, Gome Wangjin entered into the Extended Warranty Repair Cooperation Agreement with Gome Hengyuan (for itself and on behalf of the other Repair Companies), pursuant to which the Repair Companies will provide repairing and replacement services for the electronic products for which Gome Wangjin provides extended warranty services and in return Gome Wangjin will pay repairing fees to the Repair Companies.

The principal terms of the Extended Warranty Repair Cooperation Agreement are as follows:

- Parties:**
- (i) Gome Wangjin; and
 - (ii) Gome Hengyuan.
- Term:** From 3 April 2020 up to and including 31 December 2021 (both days inclusive).
- Subject:** Pursuant to the Extended Warranty Repair Cooperation Agreement, the Repair Companies will provide repairing and replacement services for the electronic products for which Gome Wangjin provides extended warranty services. In return, Gome Wangjin will pay the Repair Companies repairing fees.
- Repairing Fees and Payment:** Under the Extended Warranty Repair Cooperation Agreement, the repairing fees are determined with reference to, amongst others:
- (i) for labour costs and other related costs, based on an agreed fee scale as set out in the Extended Warranty Repair Cooperation Agreement which is determined with reference to the prevailing market rates and the rates generally charged by Gome Hengyuan for the provision of similar services to independent third parties in the ordinary course of its business;
 - (ii) for spare part costs, the actual costs incurred by the Repair Companies for purchasing the spare parts; and
 - (iii) for product replacement costs, the actual cost of the replaced products incurred by the Repair Companies.

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The repairing fees payable to the Repair Companies are within the market price range based on the information available to the Group.

Under the Extended Warranty Repair Cooperation Agreement, the Repair Companies shall provide reports on the repairing services rendered to end customers and their costs incurred from time to time for Gome Wangjin's review and verification. Gome Wangjin shall compile monthly reports containing the details of the repairing services rendered in the preceding month as reported by the Repair Companies. Within ten (10) business days after both parties have confirmed the contents of a monthly report, the Repair Companies shall courier a written payment request together with the supporting invoices to Gome Wangjin, who shall settle the repairing fees within thirty (30) business days upon receipt thereof.

If product replacement is necessary, the Repair Companies shall provide the replacement request together with the original product sales invoice and other supporting documents for Gome Wangjin's review and verification, following which the Repair Companies shall procure for the replacement product from the GOME Group and complete the product replacement with the end customer. The actual cost for the replacement product to be supplied by the GOME Group shall not be higher than the retail price as recorded on the sales invoice for the original product that is being replaced. Gome Wangjin shall compile monthly reports containing the details of the product replacements that were approved in the preceding month for verification by the Repair Companies. After verification, the Repair Companies shall provide the invoices for the product replacement costs incurred and the payee details to Gome Wangjin, who shall settle the product replacement costs with the GOME Group within thirty (30) business days upon receipt thereof.

Gome Wangjin shall make available a product replacement cash reserve that may be utilized by the Repair Companies to cover the product replacement costs for providing product replacement services during the term of the Extended Warranty Repair Cooperation Agreement. The initial amount of the product replacement cash reserve shall be RMB200,000, which may be replenished or adjusted from time to time as may be agreed between Gome Wangjin and Gome Hengyuan with reference to the actual utilisation circumstances and is subject to a cap amount of RMB2,000,000.

Guiding principles:

The transactions contemplated under the Extended Warranty Repair Cooperation Agreement shall be based on normal commercial terms and with reference to the terms and conditions of comparable services offered by Gome Hengyuan to independent third parties with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Group. The transactions contemplated thereunder shall be fair and reasonable.

LETTER FROM THE BOARD

The engagement of the Repair Companies for providing repairing services is not exclusive and Gome Wangjin may engage other service provider(s) who can offer competitive services, pricing and/or coverage where appropriate.

Termination: Gome Wangjin is entitled under the Extended Warranty Repair Cooperation Agreement to suspend the performance of its obligations thereunder from time to time if it reasonably determines that the applicable annual caps as may be announced by the Company for the transactions contemplated thereunder may be exceeded.

IV. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Extended Warranty Services Cooperation Agreement

The proposed annual caps for the service fees that Gome Wangjin will receive under the Extended Warranty Services Cooperation Agreement (excluding value-added tax) are as follows:

For the year ending 31 December	
2020 (Note)	2021
RMB25,000,000	RMB55,000,000

Note: From the date of SGM to 31 December 2020, both days inclusive.

The above proposed annual caps cover all the one-off service fees that may be received by Gome Wangjin under the Extended Warranty Services Cooperation Agreement in the relevant year and are determined principally with reference to the following factors:

- (a) the service fees paid or payable by the GOME Group to service providers for extended warranty services during the two years ended 31 December 2019 which amounted to approximately RMB55,656,000 and RMB48,220,000 respectively based on the information available to the Group;
- (b) the demand from the customers of GOME Group on extended warranty services for electronic products as estimated by the Group based on the information currently available to the Group;
- (c) a buffer to take into account any changes in consumer sentiment and fluctuation in demand for extended warranty services; and
- (d) the assumptions that the SGM will be held no later than 30 June 2020 and the Group will start providing extended warranty services from July 2020.

The Group does not have any historical transaction with the GOME Group that is similar in nature to the proposed transactions under the Extended Warranty Services Cooperation Agreement.

The Group has not entered into, and will not prior to the SGM enter into, any transactions in respect of the Extended Warranty Services Cooperation Agreement.

LETTER FROM THE BOARD

Extended Warranty Repair Cooperation Agreement

The proposed annual caps for the repairing fees that Gome Wangjin will pay under the Extended Warranty Repair Cooperation Agreement are as follows:

For the year ending 31 December	
2020 (Note)	2021
RMB3,000,000	RMB7,000,000

Note: From the date of SGM to 31 December 2020, both days inclusive.

The above proposed annual caps for the repairing fees under the Extended Warranty Repair Cooperation Agreement are determined principally with reference to the following factors:

- (a) the estimated total amount of service fees from extended warranty services that may be provided by the Group to the GOME Group and other potential third parties for the two years ending 31 December 2021 of approximately RMB30 million and RMB70 million respectively, and the management's estimate of the maximum amount of repairing fees and replacement costs that may be incurred for the two years ending 31 December 2021 as a percentage (approximately 10%) of the aforementioned service fees (such percentage has been determined by the management having regard to factors (b) to (e) below);
- (b) the repairing fees and replacement costs incurred by third parties during the two years ended 31 December 2019 for providing extended warranty services in respect of the electronic products sold by the GOME Group in 2018 and 2019 which amounted to approximately RMB75,000 and RMB4,460,000 respectively based on the information available to the Group;
- (c) the number and nature of warranty claims by the customers of GOME Group during the extended warranty period as estimated by the Group based on the information currently available to the Group with a buffer for fluctuations due to unforeseen circumstances;
- (d) Gome Wangjin's maximum liability to potential warranty claim for each electronic product covered under the extended warranty pursuant to the Extended Warranty Services Cooperation Agreement;
- (e) the potential increase in labour, spare parts and other related costs leading to an increase in the repairing fees and replacement costs that may be incurred for providing extended warranty services; and
- (f) the assumptions that the SGM will be held no later than 30 June 2020 and the Group will start providing extended warranty services from July 2020.

The Group does not have any historical transaction with the GOME Group that is similar in nature to the proposed transactions under the Extended Warranty Repair Cooperation Agreement.

LETTER FROM THE BOARD

The Group has not entered into, and will not prior to the SGM enter into, any transactions in respect of the Extended Warranty Repair Cooperation Agreement.

V. INTERNAL CONTROL AND RISK MANAGEMENT

Gome Wangjin intends to purchase appropriate insurance coverage from insurance service provider(s) in the PRC to manage its exposure to potential warranty claims arising from its provision of extended warranty services pursuant to the Extended Warranty Services Cooperation Agreement, such that warranty liabilities in excess of the threshold amounts agreed between the Group and the relevant insurance service provider(s) will be borne by such insurance service provider(s). The Group's management will monitor the Group's exposure to warranty claims and review the sufficiency of insurance coverage from time to time to ensure that the risk is maintained at an acceptable level.

To safeguard the interest of the Group and the Shareholders with respect to the continuing connected transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement, the Company has adopted the following internal control measures:

- (a) the relevant management personnel of the Group will closely monitor the transactions in relation to the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to ensure that the total transaction amount does not exceed the stipulated annual caps. In this connection, sales report (with data of the service fees paid or payable by the GOME Group) and cost report (with data of the repairing fees and replacement costs paid or payable to the GOME Group) will be available on a monthly basis and reviewed by the Company's finance team. By the end of every quarter, a summary report will be sent to the management (i.e. the designated executive Director and/or other senior management). If over 75% of the relevant annual cap has been utilized, the summary report will be delivered to the management on a monthly basis. If over 95% of the relevant annual cap has been utilized, the finance team will immediately notify the designated executive Director;
- (b) prior to approving any amendments to the standard terms and conditions of the Individual Extended Warranty Agreements, the relevant management personnel of the Group shall ensure that the terms are negotiated on an arm's length basis and are normal commercial terms that are no less favourable to the Group than the terms available to the Group for providing similar extended warranty services to independent third parties;
- (c) the relevant management personnel of the Group will conduct checks on a quarterly basis to review and assess whether the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement are conducted in accordance with the terms set out therein, the relevant Individual Extended Warranty Agreement(s) and/or the underlying order(s) for repairing or replacement services, as the case may be;
- (d) the operations team will monitor the repair and replacement costs and ratio on a regular basis with monthly report to the management. If there is any increment over the relevant thresholds in respect of any type of products, the operations team will review the pricing applicable to

LETTER FROM THE BOARD

the relevant products. Gome Wangjin may reject new requests for extended warranty services of the relevant products if it reasonably determines that it will not be able to generate reasonable profits from the provision of such extended warranty services;

- (e) the Company's external auditors will conduct an annual review of the transactions in relation to the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to ensure the transaction amounts are within the annual caps and the transactions are in accordance with the terms of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the relevant Individual Extended Warranty Agreement(s) and/or the underlying order(s) for repairing or replacement services, as the case may be; and
- (f) the independent non-executive Directors will conduct annual reviews of the status of the transactions in relation to the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to ensure that the Group has complied with its internal approval process, the terms of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the relevant Individual Extended Warranty Agreement(s) and/or the underlying order(s) for repairing or replacement services, as the case may be, and the relevant requirements under the Listing Rules.

The Directors are of the view that the above internal control measures are appropriate in ensuring that the transactions in relation to the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement will be conducted on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders and in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

Based on the Board's assessment with reference to, among others, the available historical data, the proposed annual caps and the proposed accounting treatment of the one-off service fees for the provision of extended warranty services whereby the service fees will be recognized by the Group as revenue over the extended warranty period of the relevant products using the straight-line method, there is no undue reliance by the Group on the GOME Group arising from the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement. To ensure that the Group will not become overly reliant on the GOME Group, the Company's management team will monitor the level of reliance from time to time and adjust the business focus of the Group by entering into more transactions with independent third parties, such as providing more factoring loans and financial leasing services to borrowers who are independent of the GOME Group and other connected persons of the Company, as and when appropriate.

VI. REASONS AND BENEFITS

As stated under "Prospects" of the Company's announcement dated 27 March 2020 in relation to, amongst others, its annual results for the year ended 31 December 2019, in addition to the continued dedication in its existing businesses, the Group plans to further expand its coverage in the financial technology business in the area of "retail + finance", in order to achieve continuous income growth. The initial scheme is to launch the extended warranty services business through utilising resources such as existing technology systems, information resources, risk management techniques and talent reserves. By expanding into the extended warranty services business, the Group aims at realizing income sources from

LETTER FROM THE BOARD

areas such as risk spread, platform commission income and sharing of financial incomes. The Company believes that the entering into of the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement represent an important milestone in the Group's plan to implement its strategy as outlined above.

The Company's management takes the view that the one-off service fees payable to Gome Wangjin can cover the direct costs to be incurred by Gome Wangjin for providing the extended warranty services. In reaching such a view, the management has considered the following: (i) the management's analysis on the historical data of similar transactions available to the Company, which indicates that the direct costs to be incurred, including the repair and replacement costs and re-insurance costs, could be covered by the one-off service fees based on the historical data, and positive profits and cash flow can be generated for the Group; (ii) the management has performed sampling check on the historical data and made adjustments to the pricing list as appropriate to ensure that a suitable gross profit margin can be achieved; and (iii) given that the key function of risk management can be performed by the Group's existing team, the Group could utilize its existing resources and expertise in the new business without incurring significant costs for new manpower. The Company's management has also considered the potential risks of entering into the extended warranty services business including, among others, (a) the risks that the Group will have to bear a significant portion of the product repair and replacement costs notwithstanding the purchase of insurance coverage, such as the deductibles to be borne by the Group under the relevant insurance policies; (b) there may be unforeseeable material adverse changes, such as sudden increase in product defect rate which may lead to significant increase in repair and replacement costs, over the course of the extended warranty period; and (c) some products may not be covered by insurance and the Group may not be able to effectively manage the risks from providing extended warranty in respect of such products. Notwithstanding the potential risks, the Company's management takes the view that the potential benefits of expanding into the extended warranty services business, such as the diversification of the Group's business mix and income stream, can outweigh the potential risks and the Group will monitor the repair and replacement costs and ratio regularly and adjust the service fees for new transactions as appropriate to ensure that positive profits and cash flow may be generated from the business. The positive profits and cash flow that may be generated for the Group from the business can help further expand the Group's lending business.

The Directors (including the independent non-executive Directors after considering the advice and recommendation of Gram Capital as set out in "Letter from Gram Capital" in this circular) consider that the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement have been entered into in the ordinary course of business of the Group and the terms of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation 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.

VII. 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, financial leasing services and other financial services in the PRC.

LETTER FROM THE BOARD

Gome Wangjin

Gome Wangjin is a company established in the PRC with limited liability and is wholly-owned by the Company. Gome Wangjin is principally engaged in the businesses of technology development, technology promotion, technical consultation, technology transfer, technology services and basic software and application services.

Tianjin Pengsheng

Tianjin Pengsheng is a company established in the PRC with limited liability and is a subsidiary of GOME. Tianjin Pengsheng is principally engaged in provision of logistics and procurement services, etc.

GOME Steward

GOME Steward is a company established in the PRC with limited liability and is a subsidiary of GOME. GOME Steward is principally engaged in provision of IT development and services, etc.

GOME-on-line

GOME-on-line is a company established in the PRC with limited liability and is a subsidiary of GOME. GOME-on-line is principally engaged in online retailing of electrical appliances and consumer electronic products, etc.

Gome Hengyuan

Gome Hengyuan is a company established in the PRC with limited liability and is a subsidiary of GOME. Gome Hengyuan is principally engaged in installation, maintenance and sales of home appliances and accessories and provision of warehousing services, etc.

VIII. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Wong, being the husband of Ms. Du (the controlling shareholder of the Company indirectly holding approximately 61.20% shareholding interest in the Company), is the controlling shareholder of GOME which is the ultimate holding company of the Service Companies and the Repair Companies. As such, each of Tianjin Pengsheng, GOME Steward and GOME-on-line (and the other Service Companies represented by them) and Gome Hengyuan (and the other Repair Companies represented by Gome Hengyuan) is regarded as an associate of Ms. Du, and hence a connected person of the Company. Accordingly, the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the proposed annual caps of the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, and

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the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Ms. Du is the spouse of Mr. Wong, and Swiree, holding approximately 61.20% of the issued shares in the Company, is wholly-owned by Ms. Du, therefore Swiree is deemed to have material interest in the relevant resolutions for approving the transactions under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to be proposed at the SGM and shall abstain from voting on the relevant resolutions at the SGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the other Shareholders has a material interest in the relevant resolutions on the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to be proposed at the SGM and is required to abstain from voting on the relevant resolutions at the SGM.

Ms. Wei Qiuli, a non-executive Director, is a senior management of the GOME Group and is a director of certain subsidiaries of GOME. Ms. Wei is therefore deemed to have material interest in the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and has abstained from voting on the relevant Board resolutions for approving these agreements and the transactions contemplated thereunder. Save for Ms. Wei, none of the other Directors has a material interest in the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement, and therefore none of the other Directors has abstained from voting on the relevant Board resolutions.

IX. RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders on the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Directors (including members of the Independent Board Committee whose opinion and recommendations are contained in the "Letter from the Independent Board Committee" in this circular, having been advised in this regard by Gram Capital) consider that (i) the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement are conducted on normal commercial terms which are no less favourable to the Company than those available from independent third parties, are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the proposed annual caps for the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including members of the Independent Board Committee whose opinion and recommendations are contained in the "Letter from the Independent Board Committee" in this circular, having been advised in this regard by Gram Capital) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM for approving the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

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You are advised to read the letter from the Independent Board Committee and the letter from Gram Capital mentioned above before deciding how to vote on the resolutions to be proposed at the SGM.

X. SGM

The SGM will be held at Victoria Room I, 3/F, The Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Monday, 29 June 2020, at 11:00 am (or immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held at the same venue and on the same day at 10:30 am). A notice to convene the SGM is set out on pages 50 to 52 of this circular.

At the SGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

A form of proxy for use at the SGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.gomejr.com.

Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The proposed resolutions at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As Ms. Du is the spouse of Mr. Wong, and Swiree, holding approximately 61.20% of the issued shares in the Company as at the Latest Practicable Date, is wholly-owned by Ms. Du, Swiree is deemed to have material interest in the relevant resolutions for approving the transactions under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to be proposed at the SGM and shall abstain from voting on the relevant resolutions at the SGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the other Shareholders has a material interest in the relevant resolutions on the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement to be proposed at the SGM and is required to abstain from voting on the relevant resolutions at the SGM.

LETTER FROM THE BOARD

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 22 June 2020.

XI. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out on pages 45 to 49 of this circular.

Yours faithfully,
By Order of the Board
Gome Finance Technology Co., Ltd.
Chen Wei
Executive Director



國美金融科技有限公司
Gome Finance Technology Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

To the Independent Shareholders

27 May 2020

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS:
(1) EXTENDED WARRANTY SERVICES COOPERATION AGREEMENT
AND
(2) EXTENDED WARRANTY REPAIR COOPERATION AGREEMENT

We refer to the circular of the Company (the “**Circular**”) dated 27 May 2020 and of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions are fair and reasonable as far as the Independent Shareholders are concerned and to recommend whether or not the Independent Shareholders should vote for the resolutions to be proposed at the SGM to approve the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions. The details of such transactions and proposed annual caps are set out in the “Letter from the Board” on pages 5 to 21 of the Circular. Gram Capital has been appointed to advise the Independent Shareholders and the Independent Board Committee in this regard.

Details of the advice and the principal factors and reasons that Gram Capital has taken into consideration in rendering its advice are set out in the “Letter from Gram Capital” on pages 24 to 44 of the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices thereto.

Having taken into account the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement and the proposed annual caps for those transactions and the advice of Gram Capital, we are of the opinion that (i) the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement are conducted on normal commercial terms which are no less favourable to the Company than those available from independent third parties, are entered into in

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the proposed annual caps for the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolutions to be proposed at the SGM to approve the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

Yours faithfully,

For and on behalf of the Independent Board Committee

Gome Finance Technology Co., Ltd.

Cao Dakuan

Hung Ka Hai Clement

Wan Jianhua

Zhang Liqing

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

27 May 2020

To: the Independent Board Committee and the Independent Shareholders of Gome Finance Technology Co., Ltd.

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Extended Warranty Services Cooperation Agreement (the “**Extended Warranty Transaction**”) and the Extended Warranty Repair Cooperation Agreement (the “**Repairing Transaction**”) (the Extended Warranty Transaction together with the Repairing Transaction, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 27 May 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 3 April 2020, Gome Wangjin, an indirect wholly-owned subsidiary of the Company, entered into the Extended Warranty Services Cooperation Agreement with Tianjin Pengsheng, GOME Steward and GOME-on-line (for themselves and on behalf of the other Service Companies), pursuant to which Gome Wangjin will provide extended warranty services, including repairing and replacement services, for certain electronic products sold by the GOME Group for one-off service fees in return (i.e. the Extended Warranty Transaction). On 3 April 2020, Gome Wangjin entered into the Extended Warranty Repair Cooperation Agreement with Gome Hengyuan (for itself and on behalf of the other Repair Companies), pursuant to which the Repair Companies will provide repairing and replacement services for the electronic products for which Gome Wangjin provides extended warranty services and in return Gome Wangjin will pay repairing fees to the Repair Companies (i.e. the Repairing Transaction).

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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The Independent Board Committee comprising Mr. Cao Dakuan, Mr. Hung Ka Hai Clement, Mr. Wan Jianhua and Mr. Zhang Liqing (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps (such as review of the Extended Warranty Services Cooperation Agreement, the Extended Warranty Repair Cooperation Agreement and relevant pricing related documents of the Transactions (such as the services price lists); and analysis on the Company's estimated Transactions figures in relation to the proposed annual caps) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, GOME Group or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this

LETTER FROM GRAM CAPITAL

opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the Transactions

Information on the Group and Gome Wangjin

With reference to the Board Letter, the Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, financial leasing services and other financial services in the PRC.

With reference to the Board Letter, Gome Wangjin is a company established in the PRC with limited liability and is wholly-owned by the Company. Gome Wangjin is principally engaged in the businesses of technology development, technology promotion, technical consultation, technology transfer, technology services and basic software and application services.

Information on the GOME Group

With reference to GOME's annual report for the year ended 31 December 2019 ("FY2019") (the "2019 GOME Annual Report"), the principal activities of the GOME Group are the operation and management of networks of retail stores of electrical appliances and consumer electronic products and online sales of electronic products in the PRC. As at 31 December 2019, the total number of stores operating under the GOME Group reached 2,602 and spanned 776 cities.

Tianjin Pengsheng

With reference to the Board Letter, Tianjin Pengsheng is a company established in the PRC with limited liability and is a subsidiary of GOME. Tianjin Pengsheng is principally engaged in provision of logistics and procurement services, etc.

GOME Steward

With reference to the Board Letter, GOME Steward is a company established in the PRC with limited liability and is a subsidiary of GOME. GOME Steward is principally engaged in provision of IT development and services, etc.

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GOME-on-line

With reference to the Board Letter, GOME-on-line is a company established in the PRC with limited liability and is a subsidiary of GOME. GOME-on-line is principally engaged in online retailing of electrical appliances and consumer electronic products, etc.

Gome Hengyuan

With reference to the Board Letter, Gome Hengyuan is a company established in the PRC with limited liability and is a subsidiary of GOME. Gome Hengyuan is principally engaged in installation, maintenance and sales of home appliances and accessories and provision of warehousing services, etc.

Reasons for and benefits of the Transactions

With reference to the Company's annual report for FY2019 (the "**2019 Annual Report**"), in addition to the continued dedication in its existing businesses, the Group planned to further expand its coverage in the financial technology business in the area of "retail + finance". By utilizing existing resources such as technology systems, information resources, risk management techniques and talent reserves, the Group will launch the extended warranty services business according to its plan. As for the extended warranty services business, the Group will cooperate with insurance companies by way of reinsuring the risks, completing an industry chain of sales, pricing, reinsurance, after-sales service platform and referral, and provide a convenient, prompt and competitive intermediary service platform to end customers. By expanding into the extended warranty services business, the Group aims at realizing income sources from areas such as risk spread, platform commission income and sharing of financial incomes. With reference to the Board Letter, the Company believes that the entering into of the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement represents an important milestone in the Group's plan to implement its strategy as outlined above.

As mentioned in the Board Letter, the Company's management takes the view that the one-off service fees payable to Gome Wangjin can cover the direct costs to be incurred by Gome Wangjin for providing the extended warranty services. In reaching such a view, the management has considered the following: (i) the management's analysis on the historical data of similar transactions available to the Company, which indicates that the direct costs to be incurred, including the repair and replacement costs and reinsurance costs, could be covered by the one-off service fees based on the historical data, and positive profits and cash flow can be generated for the Group; (ii) the management has performed sampling check on the historical data and made adjustments to the pricing list as appropriate to ensure that a suitable gross profit margin can be achieved; and (iii) given that the key function of risk management can be performed by the Group's existing team, the Group could utilize its existing resources and expertise in the new business without incurring significant costs for new manpower. The Company's management has also considered the potential risks of entering into the extended warranty services business, including, among others, (a) the risks that the Group will have to bear a significant portion of the product repair and replacement costs notwithstanding the purchase of insurance coverage, such as the deductibles to be borne by the Group under the relevant insurance policies; (b) there may be unforeseeable material adverse changes, such as sudden increase in product defect rate which may

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lead to significant increase in repair and replacement costs, over the course of the extended warranty period; and (c) some products may not be covered by insurance and the Group may not be able to effectively manage the risks from providing extended warranty in respect of such products. Notwithstanding the potential risks, the Company's management takes the view that the potential benefits of expanding into the extended warranty services business, such as the diversification of the Group's business mix and income stream, can outweigh the potential risks and the Group will monitor the repair and replacement costs and ratio regularly and adjust the service fees for new transactions as appropriate to ensure that positive profits and cash flow may be generated from the business. The positive profits and cash flow that may be generated for the Group from the business can help further expand the Group's lending business.

Having considered (i) the Group's plan to develop the new business of extended warranty services as disclosed in the 2019 Annual Report; (ii) that the Transactions enable the Group to utilize its existing resources (i.e. the key function of risk management can be performed by the Group's existing team); and (iii) the positive profits and cash flow that may be generated for the Group from the business can help further expand the Group's other business, we concur with the Directors that the Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Principal terms of the Transactions and the proposed annual caps

(1) The Extended Warranty Transaction

Principal terms of the Extended Warranty Transaction

Set out below are the principal terms of the Extended Warranty Services Cooperation Agreement as extracted from the Board Letter:

Parties:	(i) Gome Wangjin; (ii) Tianjin Pengsheng; (iii) GOME Steward; and (iv) GOME-on-line
Term:	From 3 April 2020 up to and including 31 December 2021 (both days inclusive)
Subject:	The GOME Group may from time to time offer extended warranty for electronic products such as mobile phones, digital cameras, computers and home appliances including air conditioners, washing machines and refrigerators, amongst others, for purchase by its customers. The customers who elect to purchase extended warranty services for such electronic products will be required to enter into separate agreements containing standard terms and conditions (the " Individual Extended Warranty Agreement(s) ") with the relevant Service Companies.

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Pursuant to the Extended Warranty Services Cooperation Agreement, the Service Companies will pay Gome Wangjin one-off service fees for the provision of extended warranty services pursuant to each Individual Extended Warranty Agreement, and in return Gome Wangjin will procure for the provision of the extended warranty services, including repairing and replacement services, for the electronic products covered by such Individual Extended Warranty Agreements upon occurrence of warranty claims within the applicable extended warranty periods. Gome Wangjin will not receive any service fees from the end customers pursuant to the Individual Extended Warranty Agreements.

The extended warranty period provided under the Individual Extended Warranty Agreements may last for six (6) months to ten (10) years after expiry of the basic warranty period depending on the category of electronic products being covered. The total warranty period (i.e. the basic warranty period plus the extended warranty period) may be up to fourteen (14) years after the date of the relevant Individual Extended Warranty Agreements for certain electronic products. The Directors consider that such extended warranty period is a normal commercial term and is comparable to similar services available in the market within the knowledge of the Group.

Pursuant to the Extended Warranty Services Cooperation Agreement, Gome Wangjin's liability for each electronic product covered under the extended warranty services will be subject to the agreed cap amount set out in the Extended Warranty Services Cooperation Agreement with reference to the retail price of such electronic product.

**Service Fees
and
Payment:**

During the term of the Extended Warranty Services Cooperation Agreement, Gome Wangjin will be provided monthly reports of electronic products for which extended warranty services have been purchased. Gome Wangjin will issue invoices based on such reports, and the Service Companies will settle the service fees within thirty (30) business days after their receipt of the invoices.

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The Extended Warranty Services Cooperation Agreement sets out specific service fees for each category of electronic products. Such service fees have been determined by the Group primarily with reference to the historical data on similar extended warranty services available to the Company. Specifically, as the product range under the Extended Warranty Services Cooperation Agreement is wide and the Group does not have its own historical data (such as the historical repair and replacement costs and ratio) based on which to build a new price list, the Group has obtained a price list of the extended warranty services provided by a third party to the GOME Group previously. The Company has performed a sample check on key products to verify the price list and ensure that the service fees could provide the Group with positive and reasonable gross profit of approximately 25% to 50% on an annualized basis after taking into account the direct costs (such as repair and replacement costs and insurance costs). In this connection, a number of factors have been taken into account, including, among others: (1) the retail price range of the products; (2) the duration of the extended warranty of such products; (3) the maximum liability for each product covered by the extended warranty; and (4) the product repair and replacement costs and ratio. Following the Company's review, the price list was adopted and modified to the extent considered necessary.

The operations team will monitor the repair and replacement costs and ratio on a regular basis with monthly report to the management. If there is any increment over the relevant thresholds in respect of any type of products, the operations team will review the pricing applicable to the relevant products. Gome Wangjin may reject new requests for extended warranty services of the relevant products if it reasonably determines that it will not be able to generate reasonable profits from the provision of such extended warranty services. Gome Wangjin may also adjust the amount of service fees to be charged on the Service Companies for the new transactions where appropriate. Based on the foregoing, the Company is of the view that the service fees payable to Gome Wangjin are comparable to the service fees charged by third parties for providing similar services and are on normal commercial terms.

The Company expects to charge the same service fees on independent third parties for the provision of extended warranty services by the Group if all the relevant factors are the same (i.e. same product, same conditions and same term of extended warranty).

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Amendments to standard terms and conditions: The Individual Extended Warranty Agreements will set out certain standard terms and conditions of the extended product warranty including the scope and exclusion of warranty and the procedures for product repair and/or replacement. In the event that the foregoing has to be amended (e.g. where there is a change in the procedures for product repair and/or replacement), the form of the Individual Extended Warranty Agreements may have to be amended. As any changes in those standard terms and conditions may affect the way by which product warranty claims and services would be provided and therefore may affect Gome Wangjin's liabilities and obligations under the Extended Warranty Services Cooperation Agreement, therefore any amendments to the standard terms and conditions would be subject to the prior written approval of Gome Wangjin.

It is expected that any amendments will only affect future Individual Extended Warranty Agreements but not those already signed. Thus, any such amendments will not affect the one-off service fees already received by Gome Wangjin at the relevant time and Gome Wangjin will continue to provide extended warranty services pursuant to the existing Individual Extended Warranty Agreements.

Guiding principles: Terms of an Individual Extended Warranty Agreement shall be based on normal commercial terms and with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Group. The transactions contemplated thereunder shall be fair and reasonable.

Termination: Gome Wangjin may, at any time during the term of the Extended Warranty Services Cooperation Agreement, terminate the Extended Warranty Services Cooperation Agreement or reject new request(s) for extended warranty services thereunder if Gome Wangjin reasonably determines that Gome Wangjin will not be able to generate reasonable profits from the provision of such extended warranty services (whether due to adjustments of the repairing fees, replacement costs or otherwise), without prejudice to any extended warranty services that Gome Wangjin has already agreed to undertake. In the event of termination of the Extended Warranty Services Cooperation Agreement, Gome Wangjin will continue to provide extended warranty services in respect of the Individual Extended Warranty Agreements which are entered into prior to the termination.

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Gome Wangjin is also entitled under the Extended Warranty Services Cooperation Agreement to suspend the performance of its obligations thereunder or designate a third party approved by Tianjin Pengsheng, GOME Steward or GOME-on-line (as the case may be) to perform such obligations in its place from time to time if it reasonably determines that the applicable annual caps as may be announced by the Company for the transactions contemplated thereunder may be exceeded.

Detailed terms of the Extended Warranty Services Cooperation Agreement are contained in the section headed “EXTENDED WARRANTY SERVICES COOPERATION AGREEMENT” of the Board Letter.

As mentioned above, the Extended Warranty Services Cooperation Agreement sets out specific service fees for each category of electronic products. Such service fees have been determined by the Group primarily with reference to the historical data on similar extended warranty services available to the Company. For our due diligence purpose, we obtained a standard price list of the Company regarding the extended warranty services (the “**Service Fees List**”). As advised by the Directors, the Service Fees List was adopted after taking into account a price list of the extended warranty services provided by a third party to the GOME Group previously. In this regard, we obtained an internal document of the Group regarding the pricing mechanism of the Service Fees List. Based on such document, we noted that the service fees for the Group’s extended warranty services were adjusted and determined based on fees provided by another third party to the GOME Group previously. In making the adjustments, the Company considered (i) the difference in extended warranty period of the products (as compared to those provided by the third party to the GOME Group previously); (ii) the different types of electronic products concerned (as compared to those provided by the third party to the GOME Group previously); (iii) the terms of the Group’s extended warranty services (as compared to those provided by the third party to the GOME Group previously); and (iv) other factors such as products condition/quality, historical product repairing data and products retail price. As advised by the Directors, the services fees to be charged by the Company under the Extended Warranty Transaction and any potential transactions with independent third parties will both be determined based on such standard price list.

With reference to the Board Letter, Gome Wangjin intends to purchase appropriate insurance coverage from insurance service provider(s) in the PRC to manage its exposure to potential warranty claims arising from its provision of extended warranty services pursuant to the Extended Warranty Services Cooperation Agreement, such that warranty liabilities in excess of the threshold amounts agreed between the Group and the relevant insurance service provider(s) will be borne by such insurance service provider(s). The Group’s management will monitor the Group’s exposure to warranty claims and review the sufficiency of insurance coverage from time to time to ensure that the risk is maintained at an acceptable level.

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In addition, the Group has adopted certain internal control measures in relation to the Extended Warranty Transaction. For our due diligence purpose, we obtained a copy of the said internal control measures (the “**IC Measure**”). We noted that the IC Measures are in line with those set out in the sub-sections headed “INTERNAL CONTROL AND RISK MANAGEMENT” of the Board Letter. According to the IC Measure:

- (i) To ensure the Extended Warranty Transaction are normal commercial terms that are no less favourable to the Group than the terms available to the Group for providing similar extended warranty services to independent third parties
 - Prior to approving any amendments to the standard terms and conditions of the Individual Extended Warranty Agreements, the relevant management personnel of the Group shall ensure that the terms are negotiated on an arm’s length basis and are normal commercial terms that are no less favourable to the Group than the terms available to the Group for providing similar extended warranty services to independent third parties.

- (ii) To ensure the Extended Warranty Transaction are conducted in accordance with the terms set out in the Extended Warranty Services Cooperation Agreement
 - The relevant management personnel of the Group will conduct checks on a quarterly basis to review and assess whether the Extended Warranty Transaction are conducted in accordance with, among others, the terms set out in the Extended Warranty Services Cooperation Agreement.
 - The Company’s external auditors will conduct an annual review of the Extended Warranty Transaction to ensure the transactions are in accordance with, among others, the terms of the Extended Warranty Services Cooperation Agreement.
 - The independent non-executive Directors will conduct annual reviews of the status of the transactions in relation to the Extended Warranty Services Cooperation Agreement to ensure that the Group has complied with, among others, its internal approval process and the terms of the Extended Warranty Services Cooperation Agreement.

- (iii) To ensure the Group generating reasonable profits from the Extended Warranty Transaction
 - The operations team will monitor the repair and replacement costs and ratio on a regular basis with monthly report to the management. If there is any increment over the relevant thresholds in respect of any type of products, the operations team will review the pricing applicable to the relevant products. Gome Wangjin may reject new requests for extended warranty services of the relevant products if it reasonably determines that it will not be able to generate reasonable profits from the provision of such extended warranty services.

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We consider the effective implementation of such internal control measures would help to ensure fair pricing of the Extended Warranty Transaction.

In relation to the proposed annual caps, according to the IC Measures:

- The relevant management personnel of the Group will closely monitor the Extended Warranty Transaction to ensure that the total transaction amount does not exceed the stipulated annual caps. In this connection, sales report (with data of the service fees paid or payable by the GOME Group) will be available on a monthly basis and reviewed by the Company's finance team. By the end of every quarter, a summary report will be sent to the management (i.e. the designated executive Director and/or other senior management). If over 75% of the relevant annual cap has been utilized, the summary report will be delivered to the management on a monthly basis. If over 95% of the relevant annual cap has been utilized, the finance team will immediately notify the designated executive Director.
- The Company's external auditors will conduct an annual review of the Extended Warranty Transaction to ensure the transaction amounts are within the proposed annual caps.

We consider the effective implementation of such internal control measures would help to monitor the usage of the proposed annual caps in relation to the Extended Warranty Transaction.

With reference to the Board Letter, based on the Board's assessment with reference to, among others, the available historical data, the proposed annual caps and the proposed accounting treatment of the one-off service fees for the provision of extended warranty services whereby the service fees will be recognized by the Group as revenue over the extended warranty period of the relevant products using the straight-line method, there is no undue reliance by the Group on the GOME Group arising from the transactions contemplated under the Extended Warranty Services Cooperation Agreement and the Extended Warranty Repair Cooperation Agreement. We concur with the Company in this regard. To ensure that the Group will not become overly reliant on the GOME Group, the Company's management team will monitor the level of reliance from time to time and adjust the business focus of the Group by entering into more transactions with independent third parties, such as providing more factoring loans and financial leasing services to borrowers who are independent of the GOME Group and other connected persons of the Company, as and when appropriate. We consider that such measures can monitor the reliance risk of the Group.

As mentioned above, pursuant to the Extended Warranty Services Cooperation Agreement, the Service Companies will pay Gome Wangjin one-off service fees for the provision of extended warranty services pursuant to each Individual Extended Warranty Agreement, and in return Gome Wangjin will procure for the provision of the extended warranty services, including repairing and replacement services, for the electronic products covered by such Individual Extended Warranty Agreements upon occurrence of warranty claims within the applicable extended warranty periods. The extended warranty period

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provided under the Individual Extended Warranty Agreements may last for six (6) months to ten (10) years after expiry of the basic warranty period depending on the category of electronic products being covered.

In assessing the reasons for the duration of the extended warranty period under the Extended Warranty Services Cooperation Agreement (which may be longer than three years), we consider that the extended warranty services are provided by Gome Wangjin to the Service Companies pursuant to the Individual Extended Warranty Agreements, which may last for six (6) months to ten (10) years (i.e. the duration of the extended warranty period under the Extended Warranty Services Cooperation Agreement corresponds to those under the Individual Extended Warranty Agreements entered into between the Service Companies and their customers).

In considering whether it is normal business practice for agreements of similar nature with the Extended Warranty Services Cooperation Agreement (i.e. the extended warranty period under the extended warranty services) to have a term of such duration, we identified extended warranty services provided by another service provider (i.e. “Suning Finance”) to its customers in the PRC. With reference to the website of Suning Holdings Group Co. Ltd. (“**Suning Group**”), the retail business of the Suning Group (i.e. “Suning.com”) has established a nationwide all-scenario offline network consisting of over 13,000 innovative Internet stores of different sizes and types as of 2019, and “Suning Finance” is the financial service sector of Suning Group. Upon our inquiry, the Directors advised us that the extended warranty services provided by “Suning Finance” are similar in nature as the Extended Warranty Transaction. Having considered the size of Suning Group’s business and the similarities in nature of extended warranty services provided by “Suning Finance” and by Gome Wangjin, we consider the extended warranty services provided by “Suning Finance” to be representative references. We noted that the term of such extended warranty services may also exceed three years depending on product categories and the warranty types.

Taking into account of the above, we consider that the duration of the extended warranty period under the Extended Warranty Services Cooperation Agreement, which may be longer than three years, is required and it is normal business practice for extended warranty period to be of such duration.

Taking into account the below:

- (i) Gome Wangjin may, at any time during the term of the Extended Warranty Services Cooperation Agreement, terminate the Extended Warranty Services Cooperation Agreement or reject new request(s) for extended warranty services thereunder if Gome Wangjin reasonably determines that Gome Wangjin will not be able to generate reasonable profits from the provision of such extended warranty services (without prejudice to any extended warranty services that Gome Wangjin has already agreed to undertake);
- (ii) the Company has a standard price list regarding the extended warranty services (for the Extended Warranty Transaction and any potential transactions with independent third parties) and the Company expects to charge the same service

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fees on independent third parties for the provision of extended warranty services by the Group if all the relevant factors are the same (i.e. same product, same conditions and same term of extended warranty);

- (iii) the Group's internal control measures in relation to the Extended Warranty Transaction as mentioned above; and
- (iv) the duration of the extended warranty period under the Extended Warranty Services Cooperation Agreement, which may be longer than three years, is required and it is normal business practice for extended warranty period to be of such duration,

we are of the view that the terms of the Extended Warranty Transaction are on normal commercial terms and are fair and reasonable.

Proposed annual caps

According to the Board Letter, the proposed annual caps for the service fees that Gome Wangjin will receive under the Extended Warranty Services Cooperation Agreement (excluding value-added tax) are as follows:

For the year ending 31 December 2020*(Note)* **For the year ending 31 December 2021**

RMB25,000,000

RMB55,000,000

Note: From the date of SGM to 31 December 2020, both days inclusive.

With reference to the Board Letter, the Group does not have any historical transaction with the GOME Group that is similar in nature to the Extended Warranty Transaction. In arriving at the proposed annual caps, the Directors have considered factors as mentioned in the sub-section headed "Extended Warranty Services Cooperation Agreement" under the section headed "PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION" of the Board Letter.

For our due diligence purpose, we inquired into the basis of the proposed annual caps from the Company. As advised by the Directors, the extended warranty services were provided to the Service Companies by other service providers. Following the entering into of the Extended Warranty Services Cooperation Agreement, such services for the related products would instead be provided by Gome Wangjin to the Service Companies. When determining the proposed annual caps for the Extended Warranty Transaction, the Directors took into account the service fees paid or payable by the GOME Group to such other service providers for extended warranty services during the two years ended 31 December 2019 (the "**Historical Service Fees**") which amounted to approximately RMB55,656,000 (excluding value-added tax) for the year ended 31 December 2018 ("**FY2018**") and approximately RMB48,220,000 (excluding value-added tax) for FY2019 respectively.

Despite that the Historical Service Fees for FY2019 was lower than that for FY2018, the Directors remained positive on the potential demand of extended warranty services from the GOME Group after taking into account (i) that the Extended Warranty Transaction covers a

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number of home appliances which have stable consumer demand; and (ii) the background and business of the GOME Group. In this regard, we noted from the 2019 GOME Annual Report that GOME Group's audited revenue amounted to approximately RMB59.48 billion for FY2019. In addition, the total gross merchandise volume of GOME Group for FY2019 increased by approximately 2.7% as compared to that for FY2018.

For the proposed annual cap for the year ending 31 December 2020 ("FY2020"), the Directors took into account, in particular, the recent market condition, and estimated the services fees to be received by Gome Wangjin from the Service Companies during FY2020 would be similar to the Historical Service Fees during FY2019 (instead of FY2018 which recorded higher Historical Service Fees). The proposed annual cap for FY2020 (i.e. for the period from the date of SGM to 31 December 2020) is approximately one half (i.e. approximately 51.85%) of the Historical Service Fees for FY2019.

For the proposed annual cap for the year ending 31 December 2021 ("FY2021"), the Directors assumed that the market condition for FY2021 would be more stable than that for FY2020 and estimated that the services fees to be received by Gome Wangjin from the Service Companies during FY2021 would be higher than that for FY2020. The Directors made reference to the Historical Service Fees for FY2018 (of approximately RMB55.656 million) when determining the proposed annual cap of RMB55 million for FY2021.

Having considered the above, in particular, the proposed annual caps for the Extended Warranty Transaction were determined with reference to the Historical Service Fees, we consider such proposed annual caps to be fair and reasonable.

(2) The Repairing Transaction

Principal terms of the Repairing Transaction

Set out below are the principal terms of the Extended Warranty Repair Cooperation Agreement as extracted from the Board Letter:

- Parties:** (i) Gome Wangjin; and
(ii) Gome Hengyuan
- Term:** From 3 April 2020 up to and including 31 December 2021 (both days inclusive)
- Subject:** Pursuant to the Extended Warranty Repair Cooperation Agreement, the Repair Companies will provide repairing and replacement services for the electronic products for which Gome Wangjin provides extended warranty services. In return, Gome Wangjin will pay the Repair Companies repairing fees.

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Repairing Fees and Payment:

Under the Extended Warranty Repair Cooperation Agreement, the repairing fees are determined with reference to, amongst others:

- (i) for labour costs and other related costs, based on an agreed fee scale as set out in the Extended Warranty Repair Cooperation Agreement which is determined with reference to the prevailing market rates and the rates generally charged by Gome Hengyuan for the provision of similar services to independent third parties in the ordinary course of its business;
- (ii) for spare part costs, the actual costs incurred by the Repair Companies for purchasing the spare parts; and
- (iii) for product replacement costs, the actual cost of the replaced products incurred by the Repair Companies.

The repairing fees payable to the Repair Companies are within the market price range based on the information available to the Group.

Under the Extended Warranty Repair Cooperation Agreement, the Repair Companies shall provide reports on the repairing services rendered to end customers and their costs incurred from time to time for Gome Wangjin's review and verification. Gome Wangjin shall compile monthly reports containing the details of the repairing services rendered in the preceding month as reported by the Repair Companies. Within ten (10) business days after both parties have confirmed the contents of a monthly report, the Repair Companies shall courier a written payment request together with the supporting invoices to Gome Wangjin, who shall settle the repairing fees within thirty (30) business days upon receipt thereof.

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If product replacement is necessary, the Repair Companies shall provide the replacement request together with the original product sales invoice and other supporting documents for Gome Wangjin's review and verification, following which the Repair Companies shall procure for the replacement product from the GOME Group and complete the product replacement with the end customer. The actual cost for the replacement product to be supplied by the GOME Group shall not be higher than the retail price as recorded on the sales invoice for the original product that is being replaced. Gome Wangjin shall compile monthly reports containing the details of the product replacements that were approved in the preceding month for verification by the Repair Companies. After verification, the Repair Companies shall provide the invoices for the product replacement costs incurred and the payee details to Gome Wangjin, who shall settle the product replacement costs with the GOME Group within thirty (30) business days upon receipt thereof.

Gome Wangjin shall make available a product replacement cash reserve that may be utilized by the Repair Companies to cover the product replacement costs for providing product replacement services during the term of the Extended Warranty Repair Cooperation Agreement. The initial amount of the product replacement cash reserve shall be RMB200,000, which may be replenished or adjusted from time to time as may be agreed between Gome Wangjin and Gome Hengyuan with reference to the actual utilization circumstances and is subject to a cap amount of RMB2,000,000.

Guiding principles: The transactions contemplated under the Extended Warranty Repair Cooperation Agreement shall be based on normal commercial terms and with reference to the terms and conditions of comparable services offered by Gome Hengyuan to independent third parties with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Group. The transactions contemplated thereunder shall be fair and reasonable.

The engagement of the Repair Companies for providing repairing services is not exclusive and Gome Wangjin may engage other service provider(s) who can offer competitive services, pricing and/or coverage where appropriate.

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Termination: Gome Wangjin is entitled under the Extended Warranty Repair Cooperation Agreement to suspend the performance of its obligations thereunder from time to time if it reasonably determines that the applicable annual caps as may be announced by the Company for the transactions contemplated thereunder may be exceeded.

As mentioned above, the repairing fees under the Repairing Transactions are determined with reference to, amongst others: (i) for labour costs and other related costs, based on an agreed fee scale as set out in the Extended Warranty Repair Cooperation Agreement which is determined with reference to the prevailing market rates and the rates generally charged by Gome Hengyuan for the provision of similar services to independent third parties in the ordinary course of its business; (ii) for spare part costs, the actual costs incurred by the Repair Companies for purchasing the spare parts; and (iii) for product replacement costs, the actual cost of the replaced products incurred by the Repair Companies. In relation to the agreed fee scale for the labour costs and other related costs, we noted that the Extended Warranty Repair Cooperation Agreement includes a standard repairing fees list (the “**Repairing Fees List**”) which set out the standard repairing fees (priced according to product types), inspection fees (priced according to product types), transportation fees for certain appliances which require repairing services at factories (priced according to product types and distances) and doorstep services labour costs (priced according to distances). As advised by the Directors, such Repairing Fees List is a standard price list charged by Gome Hengyuan to its customers, including the Gome Wangjin and other independent third parties.

Upon our further inquiry, we understood that the Group had obtained quotations from other independent third parties for provision of repairing services. As advised by the Directors, despite that the Group has more than one alternative supplier for the provision of repairing services, considering the scale of GOME Group’s business (which spanned various cities across the PRC), it would be more efficient for the Group to engage sizeable repairing services provider(s) which has/have exposure across the PRC. For our due diligence purpose, we obtained from the Company a repairing fees list for one of the quotations. As advised by the Directors, such quotation was from a relatively sizeable independent third party service provider (while other quotations were from smaller service providers with substantially less geographic coverage than GOME Group). We noted from the website of such service provider that it has subsidiaries in a number of cities in the PRC (such as Beijing, Shanghai, Shengzhen and Guangzhou); and its exposure covers more than 500 cities in the PRC. Despite that the products and services classification of such list is different from that of the Repairing Fees List, we noted that the repairing fees under the Repairing Fees List were lower than those quoted by the independent third party in most occasions (for comparable similar products and services) (“**Our Due Diligence on the Third Party Quotation**”).

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With reference to the Board Letter, the Group has adopted certain internal control measures in relation to the Repairing Transaction. For our due diligence purpose, we obtained a copy of the said internal control measures (i.e. the IC Measures). We noted that the IC Measures are in line with those set out in the sub-sections headed “INTERNAL CONTROL AND RISK MANAGEMENT” of the Board Letter. Having considered, in particular, that

- (i) the relevant management personnel of the Group will conduct checks on a quarterly basis to review and assess whether the Repairing Transaction are conducted in accordance with, among others, the terms set out in the Extended Warranty Repair Cooperation Agreement;
- (ii) the Company’s external auditors will conduct an annual review of the Repairing Transaction to ensure the transactions are in accordance with, among others, the terms of the Extended Warranty Repair Cooperation Agreement; and
- (iii) the independent non-executive Directors will conduct annual reviews of the status of the transactions in relation to the Extended Warranty Repair Cooperation Agreement to ensure that the Group has complied with, among others, its internal approval process and the terms of the Extended Warranty Repair Cooperation Agreement,

we consider the effective implementation of such internal control measures would help to ensure fair pricing of the Repairing Transaction (i.e. to ensure the Repairing Transaction are in accordance with the terms of the Extended Warranty Repair Cooperation Agreement, pursuant to which the Repairing Transaction shall be based on normal commercial terms and with reference to the terms and conditions of comparable services offered by Gome Hengyuan to independent third parties with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Group).

In relation to the proposed annual caps, according to the IC Measures:

- The relevant management personnel of the Group will closely monitor the Repairing Transaction to ensure that the total transaction amount does not exceed the stipulated annual caps. In this connection, cost report (with data of the repairing fees and replacement costs paid or payable to the GOME Group) will be available on a monthly basis and reviewed by the Company’s finance team. By the end of every quarter, a summary report will be sent to the management (i.e. the designated executive Director and/or other senior management). If over 75% of the relevant annual cap has been utilized, the summary report will be delivered to the management on a monthly basis. If over 95% of the relevant annual cap has been utilized, the finance team will immediately notify the designated executive Director.
- The Company’s external auditors will conduct an annual review of the Repairing Transaction to ensure the transaction amounts are within the proposed annual caps.

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We consider the effective implementation of such internal control measures would help to monitor the usage of the proposed annual caps in relation to the Repairing Transaction.

Taking into account the below:

- (i) the labour costs and other related costs are determined based on the Repairing Fees List (which is a standard price list charged by Gome Hengyuan to its customers, including the Gome Wangjin and other independent third parties), while the spare part costs and product replacement costs are based on the actual costs incurred by the Repair Companies;
- (ii) the engagement of the Repair Companies for providing repairing services is not exclusive and Gome Wangjin may engage other service provider(s) who can offer competitive services, pricing and/or coverage where appropriate;
- (iii) Our Due Diligence on the Third Party Quotation; and
- (iv) the Group's internal control measures in relation to the Repairing Transaction as mentioned above,

we are of the view that the terms of the Repairing Transaction are on normal commercial terms and are fair and reasonable.

Proposed annual caps

According to the Board Letter, the proposed annual caps for the repairing fees that Gome Wangjin will pay under the Extended Warranty Repair Cooperation Agreement are as follows:

For the year ending 31 December 2020 <i>(Note)</i>	For the year ending 31 December 2021
RMB3,000,000	RMB7,000,000

Note: From the date of SGM to 31 December 2020, both days inclusive.

With reference to the Board Letter, the Group does not have any historical transaction with the GOME Group that is similar in nature to the Repairing Transaction. In arriving at the proposed annual caps, the Directors have considered factors as mentioned in the sub-section headed "Extended Warranty Repair Cooperation Agreement" under the section headed "PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION" of the Board Letter.

As advised by the Directors, apart from the Service Companies, Gome Wangjin also intends to provide extended warranty services to other independent third parties. Therefore, Gome Wangjin would require repairing services in relation to extended warranty services provided to both the Service Companies and other independent third parties. With reference to the Board Letter, the estimated total amount of service fees from extended warranty services that may be provided by the Group to the GOME Group and other potential third parties (the "**Estimated Total Service Fees**") are approximately RMB30 million for FY2020 and RMB70 million for FY2021.

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As further advised by the Directors, it could be difficult to predict the actual repairing costs to be incurred in relation to the Extended Warranty Transaction due to its business nature. The actual repairing costs to be incurred would depend on factors such as product type, the kind of services rendered (i.e. repairing or replacement), specific product condition and customer behavior.

When determining the proposed annual caps for the Repairing Transaction, the Directors took into account, among others, (i) the Estimated Total Service Fees of approximately RMB30 million for FY2020 and RMB70 million for FY2021 and the services fees to be recognized by Gome Wangjin based on the amount of services rendered during the respective period; (ii) the historical ratios of repairing costs incurred relative to the extended warranty services fees paid by GOME Group for particular products for FY2018 and 2019 (the “**Historical Cost Ratios**”); (iii) Gome Wangjin’s maximum liability to potential warranty claim for relevant products covered by extended warranty during the relevant period (the “**Maximum Liability**”). Taking into the above, the Directors applied a percentage of 10% to the proposed annual caps for Extended Warranty Transaction in arriving at the proposed annual caps for the Repairing Transaction during the respective period. Based on the calculation provided by the Company, the proposed annual caps for the Repairing Transaction are within the range of (i) expected repairing fees calculated based on the Historical Cost Ratio (i.e. the services fees to be recognized by Gome Wangjin based on the amount of services rendered during FY2020 and FY2021 times the Historical Cost Ratios); and (ii) expected repairing fees calculated based on the Maximum Liability (i.e. Maximum Liability based on the services fees to be received by Gome Wangjin based on the amount of services rendered during FY2020 and FY2021). We consider such estimation to be justifiable.

Having considered the above, we consider the proposed annual caps for the Repairing Transaction to be fair and reasonable.

Listing Rules implication regarding the Transactions

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the proposed annual caps; (ii) the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the Transactions must be included in the Company’s subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (iv) has exceeded the proposed annual caps. In the event that the total amounts of the Transactions are anticipated to exceed the respective proposed annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code were as follows:

Long position in Shares of the Company

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding interest ^(Note 2)
Mr. Chung Tat Fun ^(Note 1)	Beneficial owner	6,320,000	0.23%

Notes:

- (1) Mr. Chung Tat Fun, an executive Director of the Company, personally held 6,320,000 Shares.
- (2) Calculated on the basis of 2,701,123,120 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept under section 352 of the SFO, or required to be notified to the Company and the Stock Exchange in accordance with the Model Code.

III. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company and as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under Section 336 of the SFO, the interests or short positions of persons other than the Directors and chief executive of the Company in the Shares and underlying Shares of the Company were as follows:

Name of Substantial Shareholder	Nature of Interest	Number of Shares	Approximate percentage of shareholding interest ^(Note 5)
Swiree ^(Note 1)	Beneficial owner	1,653,073,872	61.20%
Ms. Du ^(Note 1)	Interest of controlled corporation	1,653,073,872	61.20%
Mr. Wong ^(Note 2)	Interest of spouse	1,653,073,872	61.20%
Richlane Ventures Limited ("Richlane") ^(Note 3)	Beneficial owner	295,512,312	10.94%
Mr. Ko Chun Shun, Johnson ("Mr. Ko") ^(Note 3)	Beneficial owner	5,000,000	0.19%
	Interest of controlled corporation	297,776,312	11.02%
Best Global Ventures Limited ("Best Global") ^(Note 4)	Beneficial owner	137,756,156	5.10%
Gate Success Investments Limited ("Gate Success") ^(Note 4)	Interest of controlled corporation	137,756,156	5.10%
Ms. Yu Nan ^(Note 4)	Interest of controlled corporation	137,756,156	5.10%

Notes:

- (1) Swiree was wholly and beneficially owned by Ms. Du. Ms. Du was deemed to be interested in all the Shares held by Swiree by virtue of the SFO.
- (2) Mr. Wong, being the spouse of Ms. Du, was also deemed to be interested in all the Shares held by Swiree by virtue of the SFO.
- (3) Mr. Ko held 5,000,000 Shares directly. He also held 297,776,312 Shares indirectly, as to 2,264,000 Shares through Peninsula Resources Limited and 295,512,312 Shares through Richlane, both being companies wholly-owned by him.

- (4) Best Global was wholly and beneficially owned by Gate Success, which was wholly and beneficially owned by Ms. Yu Nan. Both Gate Success and Ms. Yu Nan were deemed to be interested in 137,756,156 Shares by virtue of the SFO.
- (5) Calculated on the basis of 2,701,123,120 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors or any proposed Director was a director or an employee of a company which had, or was deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

IV. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which would not expire or was not determinable within one year without payment of compensation (other than statutory compensation).

V. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, none of the Directors were in employment with the companies which had interests or short positions in the Shares or underlying Shares which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

VI. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered by the Company to have interests in businesses which compete, or might compete, directly or indirectly, with the businesses of the Group.

VII. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any assets which had been acquired, disposed of or leased to, or which were proposed to be acquired, disposed of or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

VIII. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was significant in relation to the business of the Group.

IX. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

X. EXPERT

- (1) The following are the qualifications of the expert who has given its opinions or advice which is contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (2) As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (3) As at the Latest Practicable Date, the above expert had no direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.
- (4) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

XI. MISCELLANEOUS

- (1) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (2) The headquarters and principal place of business of the Company in Hong Kong is at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- (3) The company secretary of the Company is Ms. Suen Yu May Sammi. She is admitted as a certified public accountant by Hong Kong Institute of Certified Public Accountants.
- (4) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

XII. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours for a period of 14 days from the date of this circular (excluding Saturdays, Sundays and any public holidays):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Extended Warranty Services Cooperation Agreement;
- (c) the Extended Warranty Repair Cooperation Agreement;
- (d) the letter from Gram Capital as set out in the section headed "Letter from Gram Capital" of this circular;
- (e) the written consent of Gram Capital referred to in the paragraph headed "X. EXPERT" in this Appendix; and
- (f) this circular.

NOTICE OF SGM



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Gome Finance Technology Co., Ltd. (the “**Company**”) will be held at Victoria Room I, 3/F, The Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Monday, 29 June 2020, at 11:00 am (or immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held at the same venue and on the same day at 10:30 am) for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Extended Warranty Services Cooperation Agreement (as defined in the Company’s circular dated 27 May 2020 (the “**Circular**”)), the transactions contemplated thereunder and the proposed annual caps for those transactions for each of the years ending 31 December 2020 and 2021 as stated in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to execute, perfect, deliver (including under seal where applicable) all such documents and deeds, and to do or authorise doing all such acts, matters and things, as he/she may in his/her absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the transactions contemplated under the Extended Warranty Services Cooperation Agreement.”

2. “**THAT**

- (a) the Extended Warranty Repair Cooperation Agreement (as defined in the Company’s circular dated 27 May 2020 (the “**Circular**”)), the transactions contemplated thereunder and the proposed annual caps for those transactions for each of the years ending 31 December 2020 and 2021 as stated in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (b) any one director of the Company be and is hereby authorised to execute, perfect, deliver (including under seal where applicable) all such documents and deeds, and to do or authorise doing all such acts, matters and things, as he/she may in his/her absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with the transactions contemplated under the Extended Warranty Repair Cooperation Agreement.”

On behalf of the Board
Gome Finance Technology Co., Ltd.
Chen Wei
Executive Director

Hong Kong, 27 May 2020

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
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

Notes:

1. The resolutions at the SGM will be taken by poll (except where the chairman of the SGM, in good faith, decides to allow resolution(s) relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company in accordance with the Listing Rules.
2. A member of the Company entitled to attend and vote at the SGM convened by the above notice is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who/which is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the SGM. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be deposited together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
4. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the SGM or any adjournment thereof (as the case may be) should the shareholder so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the joint holding shall be accepted to the exclusion of the votes of the other registered holders.

NOTICE OF SGM

6. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 22 June 2020.
7. If Typhoon Signal No.8 or above is hoisted or a Black Rainstorm Warning Signal is in force in Hong Kong or an announcement of "extreme conditions" caused by super typhoons is made by the Hong Kong Government any time after 7:30 a.m. on the date of the SGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at (www.gomejr.com) and HKExnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

The SGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force in Hong Kong. Shareholders should decide on their own whether they would attend the SGM under bad weather condition bearing in mind their own situations.

8. To safeguard the health and safety of the attendees and to prevent the spreading of the Novel Coronavirus ("COVID-19") pandemic, including:
 - (1) compulsory body temperature check;
 - (2) compulsory wearing of surgical face mask; and
 - (3) no refreshments or drinks will be served.

Attendees who do not comply with the precautionary measures (1) and (2) above may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law. The Company wishes to advise the shareholders that they may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM as an alternative to attending the SGM in person.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements. Shareholders should check the websites of the Company and the Stock Exchange for further announcement and update on the SGM arrangements, if any.

As at the date of this Notice, the Company's executive Directors are Ms. Chen Wei and Mr. Chung Tat Fun; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Cao Dakuan, Mr. Hung Ka Hai Clement, Mr. Wan Jianhua and Mr. Zhang Liqing.