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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) REVISION OF ANNUAL CAP AND REVENUE LIMIT
FOR THE EXISTING FACTORING**

SERVICE FRAMEWORK AGREEMENT

AND

(2) NEW FACTORING SERVICE FRAMEWORK AGREEMENT

**REVISION OF ANNUAL CAP AND REVENUE LIMIT FOR THE EXISTING
FACTORING SERVICE FRAMEWORK AGREEMENT**

As it is anticipated that the existing annual cap and revenue limit for the year ending 31 December 2021 for the grant of the Connected Factoring Loans by the Group to the Connected Factoring Loan Borrowers under the Existing Factoring Service Framework Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to propose revision to the relevant annual cap from RMB230,000,000 to RMB350,000,000 and the relevant revenue limit from RMB9,000,000 to RMB21,000,000.

NEW FACTORING SERVICE FRAMEWORK AGREEMENT

As the Existing Factoring Service Framework Agreement will expire on 31 December 2021, the Company and Swiree entered into the New Factoring Service Framework Agreement on 23 April 2021 to renew the framework for the provision of the Connected Factoring Loans to the Connected Factoring Loan Borrowers. The New Factoring Service Framework Agreement has a term from 1 January 2022 to 31 December 2024 (both days inclusive).

LISTING RULES IMPLICATIONS

Based on the revised annual cap for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Existing Factoring Service Framework Agreement (including the revised annual cap and revenue limit for those transactions) 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.

Based on the proposed annual caps for the transactions contemplated under the New Factoring Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the New Factoring Service Framework Agreement and 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.

GENERAL

The Board will propose the relevant resolutions at the AGM for approving, amongst other things, (i) the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

The AGM circular containing, amongst other things, further information on the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, the transactions contemplated under the New Factoring Service Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, a notice of AGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 26 May 2021.

REVISION OF ANNUAL CAP AND REVENUE LIMIT FOR THE EXISTING FACTORING SERVICE FRAMEWORK AGREEMENT

Reference is made to the Company's announcements dated 15 March 2019 and 15 April 2019 and the Company's circular dated 8 May 2019 (the "**May 2019 Circular**") in relation to the continuing connected transactions under the Existing Factoring Service Framework Agreement.

The Existing Factoring Service Framework Agreement has a term from 27 May 2019 to 31 December 2021 (both days inclusive). Pursuant to the Existing Factoring Service Framework Agreement, members of the Group may grant Connected Factoring Loans to the Connected Factoring Loan Borrowers from time to time, which are conditional upon transfer of the relevant accounts receivable of such Connected Factoring Loan Borrowers to the Group. The members of the Group may from time to time and in view of their business demand enter into separate factoring agreements with the Connected Factoring Loan Borrowers, the terms of which shall be determined in accordance with the conditions and principles as set out in the Existing Factoring Service Framework Agreement. Please refer to the May 2019 Circular for details on the principal terms of the Existing Factoring Service Framework Agreement.

Existing Annual Caps, Existing Revenue Limit and Historical Transaction Amounts

The maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans which may be granted by the Group and the aggregate revenue that had been generated from the Connected Factoring Loans during the term of the Existing Factoring Service Framework Agreement (i.e. the existing annual caps and the existing revenue limit, respectively), and the respective utilization of the existing annual caps and revenue limit, are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021
Existing annual caps	RMB290,000,000	RMB230,000,000	RMB230,000,000
The highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans	RMB110,000,000 <i>(Note 1)</i>	RMB170,000,000	RMB14,542,000 <i>(Note 2)</i>
Existing revenue limit	RMB9,000,000	RMB9,000,000	RMB9,000,000
The aggregate revenue generated from the Connected Factoring Loans	RMB5,791,000 <i>(Note 1)</i>	RMB7,808,000	RMB281,000 <i>(Note 2)</i>

Notes:

1. Covering the period from 27 May 2019 (being the date of the special general meeting of the Company approving, among other matters, the Existing Factoring Service Framework Agreement) to 31 December 2019.
2. Covering the three months ended 31 March 2021.

Revised Annual Cap for the Year Ending 31 December 2021

As it is anticipated that the existing annual cap for the year ending 31 December 2021 for the grant of the Connected Factoring Loans under the Existing Factoring Service Framework Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to propose revision to the relevant annual cap from RMB230,000,000 to RMB350,000,000.

The above revised annual cap for the year ending 31 December 2021 is determined principally by reference to the following factors:

- (a) the historical transaction amounts and revenue recorded in respect of the Connected Factoring Loans and the size of the Group's Connected Factoring Loan portfolio for the years ended 31 December 2019 and 2020 and the three months ended 31 March 2021;
- (b) the demand from the GOME Suppliers on commercial factoring services (in respect of their accounts receivable from the GOME Group) as estimated by the Group based on the updated information available to the Group, as well as a sufficient buffer to cater for any surge in demand for factoring loans from the GOME Suppliers (in respect of their accounts receivable from the GOME Group); and
- (c) the demand for factoring loans from connected persons of the Company who are connected with the GOME Group, Mr. Wong and/or Ms. Du who are engaged in a broad range of industries and businesses such as trading, retail and logistics, as well as a sufficient buffer to cater for any surge in demand for factoring loans from such connected persons.

The Company and Swiree entered into a supplemental agreement to the Existing Factoring Service Framework Agreement (the “**2021 Supplemental Agreement**”) on 23 April 2021 to set out their agreement to the proposed revision to the annual cap for the year ending 31 December 2021 for the grant of Connected Factoring Loans under the Existing Factoring Service Framework Agreement. Save for revising the annual cap for the year ending 31 December 2021, the other terms of the Existing Factoring Service Framework Agreement have not been amended by the 2021 Supplemental Agreement.

Revised Revenue Limit for the Year Ending 31 December 2021

In light of the proposed revision to the existing annual cap for the year ending 31 December 2021, it is proposed that the revenue limit for the year ending 31 December 2021 (which is not a term of the Existing Factoring Service Framework Agreement but is an internal control and risk management measure adopted by the Group to prevent the Group from placing undue reliance on the Connected Factoring Loans in business development in future) shall be revised from RMB9,000,000 to RMB21,000,000 to cater for the business needs of the Group.

The above revised revenue limit for the year ending 31 December 2021 is determined principally by reference to the following factors:

- (a) the revised annual cap for the year ending 31 December 2021 for the grant of the Connected Factoring Loans under the Existing Factoring Service Framework Agreement;
- (b) the factoring loans will generally mature within 90 days to 180 days;
- (c) a notional interest rate of 12% per annum, taking into account the interest rate of 12% per annum adopted for the majority of the Connected Factoring Loans granted to the Connected Factoring Loan Borrowers during the year ended 31 December 2020; and
- (d) certain buffer to cater for unforeseen circumstances such as a surge in demand for the Connected Factoring Loans and increase in interest rates for the year ending 31 December 2021.

NEW FACTORING SERVICE FRAMEWORK AGREEMENT

As the Existing Factoring Service Framework Agreement will expire on 31 December 2021, the Company and Swiree entered into the New Factoring Service Framework Agreement on 23 April 2021 to renew the framework for the provision of Connected Factoring Loans to the Connected Factoring Loan Borrowers.

Principal Terms

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

Date

23 April 2021

Parties

- (1) The Company
- (2) Swiree

Term

From 1 January 2022 to 31 December 2024 (both days inclusive).

Subject Matter

Pursuant to the New Factoring Service Framework Agreement, members of the Group may grant commercial factoring loans to the Connected Factoring Loan Borrowers from time to time, which are conditional upon transfer of the relevant accounts receivable of such GOME Suppliers (being trade payables of the GOME Group) and/or the relevant accounts receivable of such connected persons to the Group.

The Connected Factoring Loan Borrowers shall pay interest and/or other charges (such as penalty interest, early repayment charge and costs incurred in relation to debt collection, if applicable) to the relevant members of the Group for the factoring services.

With reference to the factoring loans granted by the Group in the year ended 31 December 2020, the borrower was typically granted factoring loan for a principal amount representing approximately 90% of the amount of the accounts receivable to be transferred by such borrower to the Group. Such ratio is determined with reference to various factors, including the prevailing market practice, the applicable interest rate and other pertinent terms of the loan. Taking into consideration the aforesaid factors, it is currently expected that the principal amount of the factoring loans to be granted to a borrower under the New Factoring Service Framework Agreement will represent approximately 70% to 98% of the amount of the accounts receivable to be transferred by such borrower to the Group.

Guiding Principles

The members of the Group may from time to time and in view of their business demand enter into separate factoring agreements with the Connected Factoring Loan Borrowers (the “**Individual Factoring Agreement(s)**”), which shall comply with the terms and conditions as set out in the New Factoring Service Framework Agreement. Terms of an Individual Factoring Agreement shall be negotiated at arm’s length and determined by such member of the Group and the relevant Connected Factoring Loan Borrower based on normal commercial terms and with reference to the terms and conditions of comparable services offered by the Group to independent third parties with reference to the prevailing terms and conditions of other comparable factoring loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company (as described in the paragraph headed “Loan making processes” below). For reference only, an interest rate of 9% to 12% per annum was adopted for the Connected Factoring Loans granted to the Connected Factoring Loan Borrowers during the year ended 31 December 2020. The transactions contemplated thereunder shall be fair and reasonable.

Details of the terms of the Individual Factoring Agreements shall be determined in accordance with the conditions and principles as set out in the New Factoring Service Framework Agreement and in case there is any conflict between the New Factoring Service Framework Agreement and any Individual Factoring Agreement, conditions and principles of the New Factoring Service Framework Agreement shall prevail.

The aggregate principal amount of any outstanding Connected Factoring Loans which may be granted by the Group under the Individual Factoring Agreements entered/to be entered into pursuant to the New Factoring Service Framework Agreement are subject to the proposed annual caps as set out under the paragraph headed “Proposed annual caps” below.

As an internal control and risk management measure to prevent the Group from placing undue reliance on the Connected Factoring Loans in business development in future, the Company will limit the aggregate revenue generated from the Connected Factoring Loans to not more than RMB24,000,000, RMB27,000,000 and RMB30,000,000 for the years ending 31 December 2022, 2023 and 2024, respectively. The revenue limit is determined principally by reference to the following factors:

- (a) the proposed annual caps for the grant of the Connected Factoring Loans under the New Factoring Service Framework Agreement;
- (b) the factoring loans will generally mature within 90 days to 180 days;
- (c) a notional interest rate of 12% per annum, taking into account the interest rate of 12% per annum adopted for the majority of the Connected Factoring Loans granted to the Connected Factoring Loan Borrowers during the year ended 31 December 2020; and
- (d) certain buffer to cater for unforeseen circumstances such as a surge in demand for factoring loans and increase in interest rates.

Historical Transaction Amounts

For the historical transaction amounts under the Existing Factoring Service Framework Agreement, please refer to the paragraph headed “Revision of annual cap and revenue limit for the Existing Factoring Service Framework Agreement – Existing annual caps, existing revenue limit and historical transaction amounts” above.

Proposed Annual Caps

The maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans which may be granted by the Group during the term of the New Factoring Service Framework Agreement is subject to the following proposed annual caps:

For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
RMB400,000,000	RMB450,000,000	RMB500,000,000

The above proposed annual caps for the transactions under the New Factoring Service Framework Agreement are determined principally by reference to the following factors:

- (a) the historical transaction amounts in respect of the Connected Factoring Loans and the size of the Group's Connected Factoring Loan portfolio for the years ended 31 December 2019 and 2020 and the three months ended 31 March 2021;
- (b) the demand from the GOME Suppliers on commercial factoring services (in respect of their accounts receivable from the GOME Group) as estimated by the Group based on the updated information available to the Group, as well as a sufficient buffer to cater for any surge in demand for factoring loans from the GOME Suppliers (in respect of their accounts receivable from the GOME Group); and
- (c) the demand for factoring loans from connected persons of the Company who are connected with the GOME Group, Mr. Wong and/or Ms. Du who are engaged in a broad range of industries and businesses such as trading, retail and logistics, as well as a sufficient buffer to cater for any surge in demand for factoring loans from such connected persons.

LOAN MAKING PROCESSES

The Group has established internal procedures and workflow in assessing, approving and monitoring loan applications, and loans granted, including but not limited to the Connected Factoring Loans.

Further details of the procedures and workflow are explained below.

(i) Loan Application and Due Diligence

The Business Department of the Group will approach potential customers (including the GOME Suppliers and other Connected Factoring Loan Borrowers). The GOME Group may introduce the GOME Suppliers to the Group by helping with the arrangement of meetings, seminars and training sessions between the Group and the GOME Suppliers. Borrowers, other than those which are Connected Factoring Loan Borrowers, are required to apply for loans from the Group directly through the Business Department of the Group.

The borrowers which are the Connected Factoring Loan Borrowers may also apply for the Connected Factoring Loans via the Group's online lending platform.

The Business Department of the Group will: (1) collect information on the borrower and the guarantor (if applicable) including his/their identification card(s) or passport(s) and proof(s) of residential address (where the borrower(s)/guarantor(s) is/are individual(s)) or its/their business licence(s) and constitutional document(s) (where the borrower(s)/guarantor(s) are entity(ies)), its/his/their proof(s) of social security account, telephone/mobile phone number, financial information, tax record(s) and other business or income source information, etc; (2) conduct background check on a borrower's/guarantor's

major shareholders, including, without limitation, as to whether such borrower is a Connected Factoring Loan Borrower; (3) collect information on the credit history of a borrower from the credit reference centres of the People's Bank of China or other institutions; and/or (4) collect information on the collateral/security, such as the accounts receivables to which the loan application relates and the underlying supply contract entered into by a borrower, depending on the types of the loan application. The Group will carry out the above due diligence work independently of the GOME Group, regardless of whether the borrower is a Connected Factoring Loan Borrower or not.

The Business Department will evaluate credit risk of the borrowers based on the above assessment and analysis of the loan applications and the internal risk review system as approved by the Board principally with reference to their financial performance, nature and size of business, the business relationship with the Group, credit policy, repayment history, repayment ability, value and recoverability of collateral or other security. The Business Department will then pass its due diligence findings and the key terms of a loan tentatively set by the Business Department including the principal amount, interest rate, security arrangements and tenure of the loans to the Risk Audit Department.

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

(ii) Review and Approval

The Risk Audit Department of the Group will review and analyse the credit approval form presented by the Business Department of the Group and may ask for further information and documents from the borrower if considered necessary. The Risk Audit Department may also review other records of the borrower, such as past loan applications and outstanding loans with the Group.

With regard to those borrowers and security for loans which meet the Group's basic requirements, the Risk Audit Department of the Group will tentatively assess the key terms of all loans including the Connected Factoring Loans. All loans will then be reviewed and confirmed by the Finance Department of the Group. If the amount of the loan exceeds a certain threshold, the Risk Audit Department will then present the credit approval form to the designated executive Director or senior management which sets out its recommendations on the key terms of the loans for the designated executive Director's or senior management's review and approval.

(iii) Signing and Closing

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

After signing of the loan agreement and the meeting of other conditions, such as the transfer of an accounts receivable, the Finance Department of the Group will then be responsible for transferring the funds to the borrower.

(iv) Collection and Recovery

The Group adopts a standardized collection and recovery procedure. The Finance Department of the Group is responsible for collecting the repayment funds from a borrower. However, if a borrower defaults or delays in repaying any of the outstanding sums, the Finance Department will inform the Business Department of the Group which will be responsible for following up and collecting the repayment funds from the borrower. In the case of a proposed extension of a loan, such proposal will be regarded as a new loan application subject to the due diligence and approval process described above. In accordance with the terms of the relevant loan agreement, the Group, among other remedies, will be entitled to charge default interest on the total outstanding balance of the principal amount of a loan and the interest payments accrued thereto. If a borrower fails to repay the loan including any part of the principal amount and/or accrued interest, the Group may initiate legal proceedings against such borrower to enforce the Group's right to recover the outstanding sums from such borrower after the Group have sought to recover the outstanding sums through other means but to no avail.

(v) Terms of a Loan

The Group's policy for determining the principal amount of a loan (including a Connected Factoring Loan) is set out below:

- (a) Terms of a loan shall be determined in accordance with the Group's pricing policy (which covers the range of interest rates and the term and credit limit of a loan) applicable to both connected and unconnected loans as formulated by the Business Department and updated by the Business Department from time to time when there is any significant change in market interest rate or the Group's internal funding situation and in any event at least once a year, with reference to the terms of at least three comparable types of products offered by identified major competitors of the Group, such terms to which the Company may have access through publicly available sources and other market research by the Group, the credit risk of the borrower (which, among other factors, is to be assessed based on the business relationship between the borrower and the Group and the repayment history of the borrower as described in the paragraph headed "(i) Loan application and due diligence" above), the trend of the premium of the market interest rate over the twelve month lending rate as published by the People's Bank of China from time to time, the interest rate cap of any private lending under the applicable PRC laws and the Group's funding cost as affected by the financial market liquidity;
- (b) the credit risk of the borrower as assessed by the Risk Audit Department of the Group, based on the system and guidelines approved by the designated executive Director or senior management; and

(c) in the case of a Connected Factoring Loan, the terms shall be normal commercial terms which are negotiated on an arm’s length basis in the ordinary and usual course of business and shall not be less favourable to the Company as compared to the terms of comparable transactions (in terms of similar credit risk and term) to be entered into by the Group with third parties which do not constitute connected transactions.

INTERNAL CONTROL AND RISK MANAGEMENT

(i) Overview

The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The Board and/or the designated executive Director and/or the designated senior management will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts.

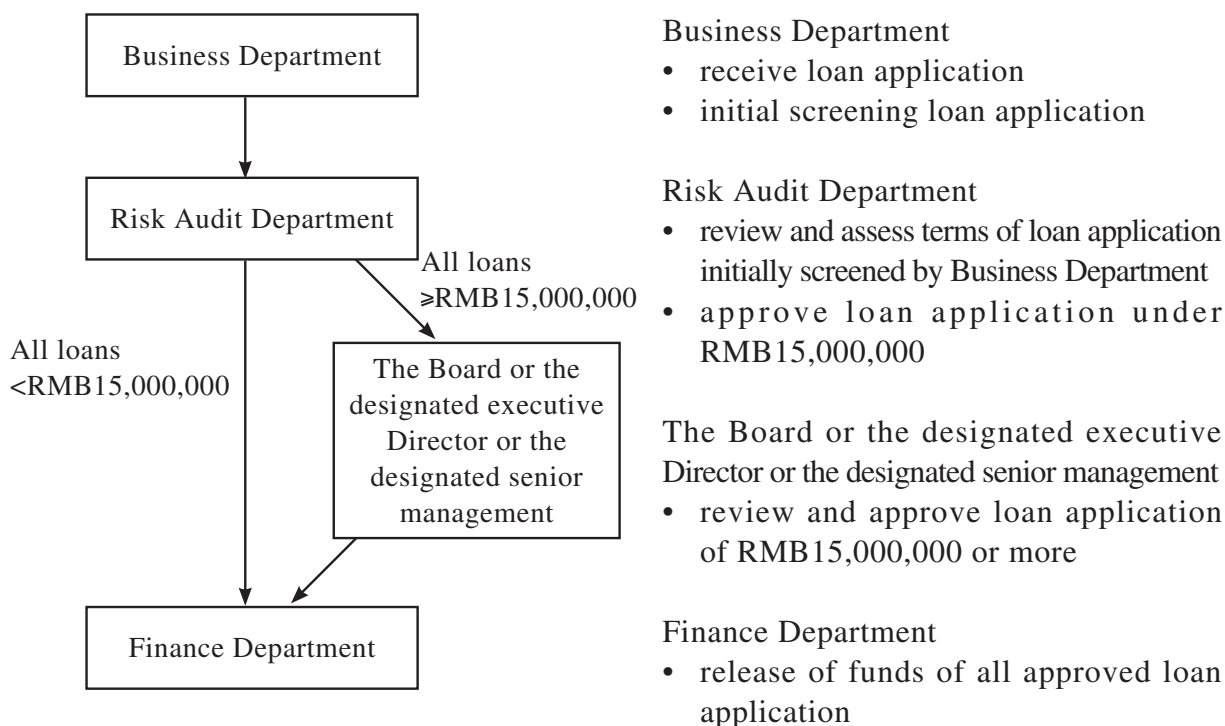
The responsibilities of the departments involving in the key loan making processes are as follows:

Department/Personnel	Roles
Business Department	<ul style="list-style-type: none"> – liaising with and contacting the borrowers – initial screening and due diligence – collection of overdue loans – monitoring collection of the loans and carrying out necessary follow up work
Risk Audit Department	<ul style="list-style-type: none"> – reviewing loan applications and assessing the terms of each loan and any security arrangement – formulating credit control/risk management policy to be reviewed by the Board – recommending on the credit control/risk management policy – approving loan applications within the approved thresholds
Finance Department	<ul style="list-style-type: none"> – releasing of funding to borrowers – monitoring collection of the loans and carrying out necessary follow up work
The Board or the designated executive Director or the designated senior management	<ul style="list-style-type: none"> – setting the interest rates terms and credit limit applicable to different types of loans – approving credit control/risk management/loan approval policy – approving larger loan applications beyond the approval threshold of the Finance Department

Department/Personnel	Roles
Audit Committee	– reviewing the internal audit function and the continuing connected transactions

In addition, the Company will keep track of the amounts of accounts receivables and the credit periods based on which the principal amounts of the factoring loans and the tenure of the factoring loans are determined.

Set out below is a chart showing the reporting hierarchy within the Group in respect of loan approval:



(ii) Individual Loan Threshold and Annual Caps

If a Connected Factoring Loan that is equal to or exceeds the internal threshold, i.e. currently RMB15,000,000, set by the Board or the designated executive Director or senior management from time to time (applicable to all loans including both connected and unconnected loans) (the “**Threshold**”), the Risk Audit Department will submit such connected loan application to the designated executive Director or senior management for review and checking. The designated executive Director or senior management will obtain the latest available unutilized proposed annual cap amount for the relevant connected loan from the Finance Department to ensure that such limit will not be exceeded if such connected loan is granted. After the designated executive Director or senior management has conducted the above checks and confirmed that the granting of such connected loan will not result in the proposed annual cap amount being exceeded, the designated executive Director or senior management will then approve such loan application. If after conducting the above checks, the designated executive Director or

senior management considers that the granting of such connected loan may result in the proposed annual cap amount being exceeded, the designated executive Director or senior management will reject such connected loan application.

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

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

(iii) Revenue Limit

The Group intends to further expand its commercial factoring business with both connected and unconnected borrowers and the applicable revenue limit is in place to prevent the Group from placing undue reliance on the Connected Factoring Loans in business development in future.

The Group will designate an executive Director or a senior management to monitor the applicable revenue limit imposed on the amount of Connected Factoring Loans and ensure that such limit is not exceeded.

The Finance Department will prepare a schedule showing the indicative maximum amount of new Connected Factoring Loans which can be made each month without exceeding the applicable revenue limit based on the actual factoring loans made. The monthly schedule shall include, among other things, (i) the actual total outstanding principal amount of the Connected Factoring Loans as at the latest practicable date for the purpose of preparing the monthly schedule; (ii) the total revenue of the Group that would be recorded in the current financial year based on the actual Connected Factoring Loan portfolio up to the latest practicable date for the purpose of preparing the monthly schedule; and (iii) the maximum amount for the Connected Factoring Loans that can be granted by the Group in the following month without exceeding the applicable revenue limit.

The designated executive Director or senior management will be responsible for reviewing the above schedule and determining the quota for the making of the Connected Factoring Loans that month principally based on the actual Connected Factoring Loans made and the indicative amounts as set out in the monthly schedule described above. The Business Department and the Risk Audit Department will then be informed of the quota limits. The Business Department will not be allowed to grant any Connected Factoring Loans over their allocated quota. If the granting of a Connected Factoring Loan may result in the applicable revenue limit being exceeded, such Connected Factoring Loan application will be rejected.

(iv) Annual Review by the Independent Non-executive Directors and Auditors

The independent non-executive Directors will conduct annual review of the continuing connected transactions under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement as required under Rule 14A.55 of the Listing Rules and confirm in the Company's annual report whether the applicable revenue limit has been exceeded during the year under review and whether such transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement(s) governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For compliance with Rule 14A.56 of the Listing Rules, the Company will also engage its external auditors to conduct an annual review of the continuing connected transactions under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement to ensure that, among others, the transaction amounts are within the annual caps and the applicable revenue limit and the transactions are in accordance with the terms of the agreement(s) governing the transactions.

(v) Directors' View

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

REASONS AND BENEFITS

The commercial factoring business is the main source of income for the Group and will be the cornerstone for the future development of the Group. The Company expects that there will be keen demand for commercial factoring loans from the Connected Factoring Loan Borrowers and there is a need to have a sufficient buffer to cater for any sudden surge in demand for the Connected Factoring Loans.

As it is anticipated that the existing annual cap and revenue limit for the year ending 31 December 2021 for the grant of the Connected Factoring Loans under the Existing Factoring Service Framework Agreement will be insufficient to meet the business needs of the Group, the Board has resolved to propose revision to the existing annual cap and revenue limit for the transactions contemplated under the Existing Factoring Service Framework Agreement for the year ending 31 December 2021.

In addition, as the Board expects that the Group will continue to provide commercial factoring loans to the Connected Factoring Loan Borrowers after the expiry of the term of the Existing Factoring Service Framework Agreement on 31 December 2021, the Company has entered into the New Factoring Service Framework Agreement which can provide a framework to regulate the provision of commercial factoring loans by the Group to the Connected Factoring Loan Borrowers for the years ending 31 December 2022, 2023 and 2024 for compliance with Rules 14A.34 and 14A.51 of the Listing Rules.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from Opus Capital) consider that (i) the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole, and that the transactions contemplated under the Existing Factoring Service Framework Agreement are entered into in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable, and in the interests of the Company and Shareholders as a whole; and (ii) the New Factoring Service Framework Agreement is entered into in the ordinary course of business of the Group and the terms of the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES INVOLVED

The Group

The Group is principally engaged in the provision of financial services, including the provision of commercial factoring, financial leasing and other financial services in the PRC.

Swiree

Swiree is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Du. As at the date of this announcement, Swiree is holding approximately 61.20% shareholding interest of the Company and is the controlling shareholder of the Company.

GOME

GOME is 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). The main business of the GOME Group is the operating and managing of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full-category of online sales network in the PRC through self-operated and platform models.

LISTING RULES IMPLICATIONS

Ms. Du is the controlling shareholder of the Company and is indirectly holding approximately 61.20% shareholding interest of the Company through Swiree, a company wholly owned by her. Mr. Wong, being the husband of Ms. Du, is the controlling shareholder of GOME. Each of Ms. Du, Swiree, Mr. Wong and GOME is a connected person of the Company.

Whilst the GOME Suppliers do not fall into the categories of connected persons of the Company as described in Rules 14A.07(1) to (5) of the Listing Rules, the Stock Exchange has deemed the provision of Connected Factoring Loans to the GOME Suppliers to be continuing connected transactions of the Company under Rule 14A.20 of the Listing Rules on the ground that benefit may be conferred on the GOME Group from the granting of the commercial factoring loans by the Group to the GOME Suppliers involving the transfer of the relevant trade receivables of such GOME Suppliers (being trade payables of the GOME Group) to the Group.

In addition, as the provision of the Connected Factoring Loans to the GOME Suppliers and the provision of the Connected Factoring Loans to connected persons of the Company who are connected with the GOME Group, Mr. Wong and/or Ms. Du will be regulated under the same framework as set out in the New Factoring Service Framework Agreement, these transactions constitute a single series of connected transactions which are related to each other and are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

Accordingly, the transactions contemplated under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the revised annual cap for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Existing Factoring Service Framework Agreement (including the revised annual cap and revenue limit for those transactions) 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.

Based on the proposed annual caps of the transactions contemplated under the New Factoring Service Framework Agreement and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the New Factoring Service Framework Agreement and 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 Swiree is a party to the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement, and Mr. Du is the spouse of Mr. Wong who is the controlling shareholder of GOME, Swiree (holding approximately 61.20% of the issued shares of the Company) is deemed to have material interest in the relevant resolutions to be proposed at the AGM for approving (i) the revision to the annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement; and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions, and shall abstain from voting on the relevant resolutions at the AGM. 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 and is required to abstain from voting on the relevant resolutions at the AGM.

Mr. Zhou Yafei, an executive Director, is the executive vice president of GOME Holding Group Company Limited which is a company ultimately controlled by Mr. Wong and is also a non-executive director of Lajin Entertainment Network Group Limited of which Mr. Wong is a substantial shareholder. Ms. Wei Qiuli, a non-executive Director, is a senior management of the GOME Group and is a director of certain subsidiaries of GOME. Each of Mr. Zhou and Ms. Wei is therefore deemed to have material interest in the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement and has abstained from voting on the relevant Board resolutions for approving these agreements and the transactions contemplated thereunder. Save for Mr. Zhou and Ms. Wei, none of the other Directors has a material interest in the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement and the respective transactions contemplated thereunder, and therefore none of the other Directors has abstained from voting on the relevant Board resolutions.

GENERAL

The Board will propose the relevant resolutions at the AGM for approving, amongst other things, (i) the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions. An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in connection with these transactions. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The AGM circular containing, amongst other things, further information on the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, the transactions contemplated under the New Factoring Service Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, a notice of AGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 26 May 2021 which is more than 15 business days after publication of this announcement as additional time is required to prepare and finalize the information to be included in the circular.

DEFINITIONS

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

“AGM”	the forthcoming annual general meeting of the Company to be convened and held on 28 June 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Gome Finance Technology Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 628)
“Connected Factoring Loan(s)”	(i) commercial factoring loan(s) granted by the Group to the GOME Supplier(s) which is (are) conditional upon transfer of the relevant trade receivables of such GOME Supplier(s) (being trade payables of the GOME Group) to the Group and/or (ii) commercial factoring loan(s) granted by the Group to connected person(s) of the Company who is (are) connected with the GOME Group, Mr. Wong and/or Ms. Du which is (are) conditional upon transfer of the relevant trade receivables of such connected person(s) to the Group
“Connected Factoring Loan Borrower(s)”	(i) the GOME Suppliers and/or (ii) connected person(s) of the Company who are connected with the GOME Group, Mr. Wong and/or Ms. Du
“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
“Existing Factoring Service Framework Agreement”	the factoring service framework agreement dated 15 March 2019 entered between the Company and Swiree (as amended and supplemented by the supplemental agreement dated 15 April 2019 entered between the Company and Swiree) in respect of the provision of factoring services by the Group to the Connected Factoring Loan Borrowers
“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 Supplier(s)”	the supplier(s) of the GOME Group who transferred or will transfer its (their) trade receivables (being trade payables of the GOME Group) to the Group for the purpose of obtaining commercial factoring loan(s) from the Group
“Group”	the Company and its subsidiaries
“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, among others, (i) the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, and (ii) the New Factoring Service Framework 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 the transactions contemplated under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Wong”	Mr. Wong Kwong Yu (黃光裕先生), the husband of Ms. Du
“Ms. Du”	Ms. Du Juan (杜鵑女士), the controlling shareholder of the Company who is indirectly holding approximately 61.20% of the issued shares of the Company through Swiree
“New Factoring Service Framework Agreement”	the factoring service framework agreement dated 23 April 2021 entered between the Company and Swiree in respect of the provision of factoring services by the Group to the Connected Factoring Loan Borrowers
“Opus Capital” or “Independent Financial Adviser”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, (i) the revised annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

“%”

per cent.

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

Hong Kong, 23 April 2021

As at the date of this announcement, the executive Director is Mr. Zhou Yafei; 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.