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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
NEW FACTORING SERVICE FRAMEWORK AGREEMENT
AND
DZPTY FACTORING SERVICE AGREEMENT

NEW FACTORING SERVICE FRAMEWORK AGREEMENT

As the Existing Factoring Service Framework Agreement will expire on 31 March 2019, the Company and Swire entered into the New Factoring Service Framework Agreement on 15 March 2019 to renew the framework for the provision of connected commercial factoring loans by the Group to the GOME Suppliers which are conditional upon transfer of the relevant accounts receivable of such GOME Suppliers (being trade payables of the GOME Group) to the Group. The New Factoring Service Framework Agreement has a term commencing from 1 April 2019 up to and including 31 December 2021 (both days inclusive).

DZPTY FACTORING SERVICE AGREEMENT

On 15 March 2019, GOME Xinda (a wholly-owned subsidiary of the Company) and DZPTY entered into the DZPTY Factoring Service Agreement, pursuant to which the Group agreed to provide commercial factoring loan(s) to DZPTY subject to the terms and conditions thereunder. On the same day, GOME Xinda has granted a one-off DZPTY Factoring Loan to DZPTY in the principal amount of RMB60,000,000 in response to an application submitted by DZPTY under the DZPTY Factoring Service Agreement.

Notwithstanding that the DZPTY Factoring Service Agreement serves as a framework agreement and may constitute continuing connected transactions under the Listing Rules if continuing transactions are carried out pursuant to the DZPTY Factoring Service Agreement, other than the one-off DZPTY Factoring Loan as aforesaid, no other factoring loans or services would be provided by GOME Xinda under the DZPTY Factoring Service Agreement. If further factoring loans or services are required, further factoring agreement will be entered into and the Company will comply with all applicable requirements under the Listing Rules.

LISTING RULES IMPLICATIONS

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 transactions contemplated under the New Factoring Service Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transaction in relation to the one-off DZPTY Factoring Loan under the DZPTY Factoring Service Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

NEW FACTORING SERVICE FRAMEWORK AGREEMENT

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

- Date:** 15 March 2019
- Parties:** (i) the Company
(ii) Swiree
- Term:** From 1 April 2019 up to and including 31 December 2021 (both days inclusive).
- Subject:** Pursuant to the New Factoring Service Framework Agreement, members of the Group may grant connected commercial factoring loans to the GOME Suppliers 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) to the Group. The GOME Suppliers shall pay interest and/or other charges (if applicable) to the relevant members of the Group for the factoring services.

Guiding principles for providing the GOME Connected Factoring Loans

- (i) The members of the Group may from time to time and in view of their business demand enter into separate factoring agreements with the GOME Suppliers (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 GOME Supplier 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). The transactions contemplated thereunder shall be fair and reasonable.
- (ii) Details of the terms of the Individual Factoring Agreements shall be determined in accordance with the conditions and principles 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.
- (iii) The aggregate principal amount of any outstanding GOME 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 following proposed annual caps:

For the year ending 31 December		
2019	2020	2021
RMB30,000,000	RMB30,000,000	RMB30,000,000

Historical transaction amounts

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

For the year ended 31 December 2017	For the year ended 31 December 2018	For the two months ended 28 February 2019
RMB191,453,000	RMB51,542,000	Nil

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

Proposed annual caps

As stated in the New Factoring Service Framework Agreement, the aggregate principal amount of any outstanding GOME Connected Factoring Loans which may be granted by the Group during the three years ending 31 December 2021 are subject to the following proposed annual caps:

For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
RMB30,000,000	RMB30,000,000	RMB30,000,000

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

- (a) The historical transaction amounts in respect of the GOME Connected Factoring Loans for the years ended 31 December 2017 and 2018 and the two months ended 28 February 2019 as set out under “Historical transaction amounts” above;
- (b) After 2017, the Group had developed more stable business relationship with the GOME Suppliers and focused more on providing unconnected factoring loans to GOME Suppliers and other suppliers (i.e. factoring of trade receivables of GOME Suppliers and other suppliers which were payables of third parties other than the GOME Group), and the proportion of connected factoring loans (i.e. factoring of trade receivables of GOME Suppliers which were payables of the GOME Group) had dropped significantly in 2018. Going forward, the Group intends to maintain and develop its business relationship with GOME Suppliers and other suppliers relatively independent of the GOME Group based on such new business model and provide connected factoring loans to GOME Suppliers on a reduced scale as compared to that under the Existing Factoring Service Framework Agreement;

- (c) The assumption that the size of the Group’s GOME Connected Factoring Loan portfolio for years ending 31 December 2019, 2020 and 2021 will be substantially the same; and
- (d) The historical revenue of the GOME Group which amounted to approximately RMB71,575 million and RMB34,706 million for the year ended 31 December 2017 and the six months ended 30 June 2018 as disclosed in GOME’s annual report 2017 published on 27 April 2018 and GOME’s interim report 2018 published on 28 September 2018, respectively.

DZPTY FACTORING SERVICE AGREEMENT

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

Date: 15 March 2019

Parties: (i) GOME Xinda (as factor)
(ii) DZPTY (as transferor of accounts receivable)

Subject: Pursuant to the DZPTY Factoring Service Agreement, GOME Xinda may grant commercial factoring loan(s) to DZPTY from time to time, which is conditional upon transfer of the relevant accounts receivable of DZPTY (being receivables of DZPTY due from DZPTY Customer(s) arising from the relevant underlying commercial contract(s)) (the “**Accounts Receivable**”) to the Group. DZPTY shall pay interest and/or other charges (if applicable) to GOME Xinda for the factoring services.

Transfer of Accounts Receivable: DZPTY may from time to time submit application in prescribed form to request for a DZPTY Factoring Loan through the transfer of the relevant Accounts Receivable to GOME Xinda and to assign the relevant Accounts Receivable to GOME Xinda with effect from the date of transfer.

If GOME Xinda accepts the application, GOME Xinda shall disburse funds to DZPTY and the actual amount disbursed shall constitute the principal amount of DZPTY Factoring Loan granted to DZPTY.

In respect of the transfer of Accounts Receivable, DZPTY shall inform the relevant debtor(s) by way of a transfer notice and authorization in prescribed form.

After transfer of the relevant Accounts Receivable by DZPTY to GOME Xinda, DZPTY shall procure the relevant debtor(s) to timely pay the relevant Accounts Receivable to the designated bank account. If any payment of the Accounts Receivable is received by DZPTY, DZPTY shall promptly repay the DZPTY Factoring Loan to GOME Xinda.

Despite the transfer of the relevant Accounts Receivable to GOME Xinda, any duties and obligations of DZPTY pursuant to the underlying commercial contract(s) between DZPTY and its debtor(s) shall still be borne by DZPTY.

Term: The DZPTY Factoring Service Agreement has a term commencing from the date of the DZPTY Factoring Service Agreement to the earlier of (i) six months after the disbursement of funds under the DZPTY Factoring Service Agreement and (ii) 31 December 2019.

Payment terms: The principal amount, applicable interest rates, repayment method and final repayment date of each DZPTY Factoring Loan that DZPTY may apply for shall be set out in the prescribed application form and subject to review and confirmation by GOME Xinda.

Interest shall accrue on the outstanding principal amount of each DZPTY Factoring Loan based on the actual number of days elapsed from the date of actual disbursement of funds by GOME Xinda to DZPTY up to the date of full repayment.

After GOME Xinda's receipt of full payment(s) of the relevant Accounts Receivable, if there is any surplus after deducting the principal, interest and/or other expenses (as the case may be) due under the DZPTY Factoring Loan(s), such surplus shall be paid to DZPTY.

Repurchase of Accounts Receivable: DZPTY shall repurchase the relevant Accounts Receivable from GOME Xinda, at such consideration that would fully repay the outstanding principal, interest and/or other expenses (as the case may be) due to GOME Xinda in respect of the DZPTY Factoring Loan, if any of the triggering events (including but not limited to the following) occurs:

- (i) the DZPTY Customer refuses to pay or disputes the amount due under the relevant Accounts Receivable as a result of defects of the goods sold by DZPTY or otherwise;

- (ii) any event of default or potential event of default as described in the DZPTY Factoring Service Agreement has occurred, including but not limited to: (a) DZPTY fails to repay its other debts when due; (b) any other creditors of DZPTY has obtained the ownership of all or any part of the business or assets of DZPTY, or has obtained judgment or order for enforcement against any assets of DZPTY, and in either case it has materially affected the ability of DZPTY to discharge its obligations under the DZPTY Factoring Service Agreement; (c) there is or may be a moratorium of the business or a significant part of the business of DZPTY; or (d) there is a material adverse change in the business or financial conditions of DZPTY or in the ability of DZPTY to perform its obligations under the DZPTY Factoring Service Agreement;
- (iii) there is dispute between DZPTY and any DZPTY Customers or other debtors which results in the relevant DZPTY Customer(s) being unable to pay to GOME Xinda the amounts due under the relevant Accounts Receivable by the relevant due dates;
- (iv) after signing of the DZPTY Factoring Service Agreement, GOME Xinda discovers that the relevant Accounts Receivable do not satisfy the conditions set out in the DZPTY Factoring Service Agreement, such as DZPTY not having fully performed its obligations corresponding to the Accounts Receivable or there being defects in the legal ownership and rights in the Accounts Receivable;
- (v) in respect of any Accounts Receivable, where settlement of such Accounts Receivable by the DZPTY Customer is by way of promissory note or bank's acceptance bill and GOME Xinda has not received the settlement amount in full within ten days of the maturity date of the promissory note or bank's acceptance bill; or
- (vi) for risk control purposes of GOME Xinda, GOME Xinda notifies DZPTY in writing that the DZPTY Factoring Loan shall be repaid in full within a specified time.

Guarantee:

The obligations of DZPTY under the DZPTY Factoring Service Agreement and the DZPTY Factoring Loan(s) thereunder are guaranteed by Ms. Zeng by way of a personal guarantee.

Guiding principles for providing the DZPTY Factoring Loan

- (i) Terms of each DZPTY Factoring Loan shall be negotiated at arm's length and determined by the Group and DZPTY 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). The transactions contemplated thereunder shall be fair and reasonable.

- (ii) Details of the terms of the DZPTY Factoring Loan shall be determined in accordance with the conditions and principles set out in the DZPTY Factoring Service Agreement and in case there is any conflict between the DZPTY Factoring Service Agreement and any ancillary documentation for such DZPTY Factoring Loan, conditions and principles of the DZPTY Factoring Service Agreement shall prevail.

- (iii) The aggregate principal amount of any outstanding DZPTY Factoring Loans which may be granted by GOME Xinda under the DZPTY Factoring Service Agreement during the year ending 31 December 2019 is subject to the cap amount of RMB60,000,000. The above cap amount has been determined with reference to the principal amount of the one-off DZPTY Factoring Loan granted to DZPTY as described below.

One-off Transaction

On 15 March 2019, DZPTY submitted an application under the DZPTY Factoring Service Agreement and requested for a DZPTY Factoring Loan to be provided by GOME Xinda. In response, GOME Xinda has granted a one-off DZPTY Factoring Loan to DZPTY with the following terms:

- Principal amount of the factoring loan:** RMB60,000,000

- Scope of Accounts Receivable:** Accounts receivable of DZPTY in the total amount of RMB60,000,000, representing the amount payable by a DZPTY Customer to DZPTY on or before 13 September 2019 pursuant to a commercial contract dated 1 August 2018, shall be transferred to GOME Xinda pursuant to the terms and conditions of the DZPTY Factoring Service Agreement.

- Term:** The outstanding principal and interests on the factoring loan shall be due and payable in one lump sum on or before 13 September 2019.

- Factoring interest:** Interest shall accrue on the outstanding principal amount of the factoring loan from the date on which the relevant loan amount is made available to DZPTY to the date of full repayment at 12% per annum, subject to default interest on any overdue principal amount accruing on a daily basis at 18% per annum.

The terms of the above DZPTY Factoring Loan were determined after arm’s length negotiations between the Group and DZPTY in accordance with the conditions and principles set out in the DZPTY Factoring Service Agreement.

Notwithstanding that the DZPTY Factoring Service Agreement serves as a framework agreement and may constitute continuing connected transactions under the Listing Rules if continuing transactions are carried out pursuant to the DZPTY Factoring Service Agreement, other than the one-off DZPTY Factoring Loan as aforesaid, the Company expects that no other factoring loans or services would be provided by GOME Xinda under the DZPTY Factoring Service Agreement.

If further factoring loans or services are required, further factoring agreement will be entered into and the Company will comply with all applicable requirements under the Listing Rules.

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 GOME Connected Factoring Loans and the DZPTY Factoring Loan.

All key management of the Group who are responsible for managing the Group's financial service business are independent from the GOME Group.

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). The GOME Group may introduce 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 GOME Suppliers who will transfer their accounts receivable due from the GOME Group to the Group, are required to apply for loans from the Group directly through the Business Department of the Group.

The borrowers which are GOME Suppliers who will transfer their accounts receivable due from the GOME Group to the Group may also apply for the GOME Connected Factoring Loans via the Group's online lending platform.

The Business Department of the Group will collect: (1) information on a 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) background check on a borrower's/guarantor's major shareholders; (3) 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) 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 GOME, regardless of whether the borrower is a GOME Supplier or not.

The Business Department will categorize the borrowers into different grades according to their credit risk based on the above assessment and analysis of the loan applications and the internal risk grading 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 present a report to the Risk Audit Department of the Group which will set out a summary of its due diligence findings, the internal credit risk grading assigned to a borrower 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.

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 report 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 GOME Connected Factoring Loans and the DZPTY Factoring Loan. All loans will then be reviewed and approved by the Finance Department of the Group. If the amount of the loan exceeds a certain threshold as set by the Board, the Risk Audit Department will then present the report to the Board which sets out its recommendations on the key terms of the loans for the Board'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 the GOME Connected Factoring Loan and the DZPTY 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 and updated by the Finance Department every quarter, with reference to the terms of comparable types of products offered by identified major competitors of the Group, such terms to which the Company may have access through publicly available sources and other market research by the Group, the credit risk grading 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 "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 (being 24% per annum) and the Group's funding cost as affected by the financial market liquidity and approved by the Board;
- (b) The credit risk grading of the borrower as assessed by the Risk Audit Department of the Group, based on the system and guidelines approved by the Board; and
- (c) In the case of a GOME Connected Factoring Loan or the DZPTY Factoring Loan, the terms of which shall be on normal commercial terms 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.

In accordance with the applicable PRC law, the interest rates (and other charges) charged for private lending in the PRC may not exceed a certain threshold as determined by the PRC Supreme Court.

INTERNAL CONTROL AND RISK MANAGEMENT POLICY OF THE GROUP

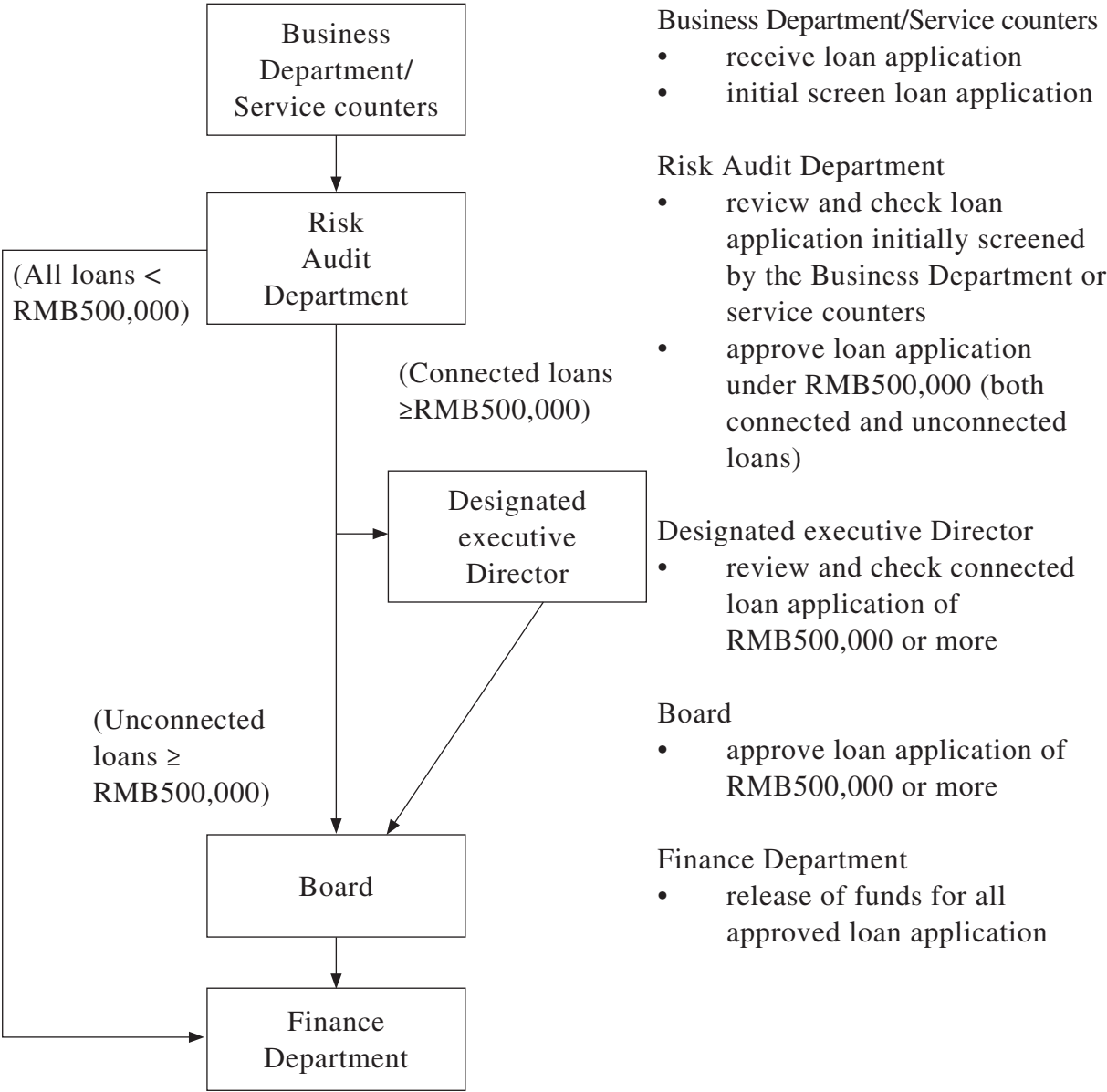
The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The Board will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts.

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

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

In addition, the Company will keep track of the amounts of 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:



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

executive Director will then submit such loan application to the Board for approval. If after conducting the above checks, the executive Director considers that the granting of such connected loan may result in the proposed annual cap amount being exceeded, the designated executive Director will reject such connected loan application.

In respect of a GOME Connected Factoring Loan or DZPTY 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 GOME Connected Factoring Loan or DZPTY 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.

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

REASONS AND BENEFITS

New Factoring Service Framework Agreement

Prior to entering into the New Factoring Service Framework Agreement, the Group has been providing commercial factoring loans to the GOME Suppliers, including connected factoring loans involving trade payables of the GOME Group pursuant to the Existing Factoring Service Framework Agreement which are deemed to be continuing connected transactions of the Company under the Listing Rules, and other unconnected factoring loans involving the trade payables of independent third parties which are not continuing connected transactions of the Company under the Listing Rules.

Since 2018, the Group has focused more on providing unconnected factoring loans to GOME Suppliers and other suppliers (i.e. factoring of trade receivables of GOME Suppliers and other suppliers which were payables of third parties other than the GOME Group). The proportion of connected factoring loans (i.e. factoring of trade receivables of GOME Suppliers which were payables of the GOME Group) had dropped significantly in 2018 as compared to 2017, as demonstrated by the drop in the highest outstanding principal amount of the GOME Connected Factoring Loans from approximately RMB191,453,000 during the year ended 31 December 2017 to approximately RMB51,542,000 during the year ended 31 December 2018.

Notwithstanding the significant decrease in the GOME Connected Factoring Loans, the Board expects that the Group will continue to provide the GOME Connected Factoring Loans to the GOME Suppliers according to their business needs going forward for the purpose of providing a comprehensive scope of factoring services to the GOME Suppliers and to facilitate the Company's plan to maintain long-term business

relationship with the GOME Suppliers as such GOME Suppliers may require factoring services from the Group in respect of their receivables from the GOME Group from time to time. In addition, the Board also considers that the revenue generated from the GOME Connected Factoring Loans can provide an additional source of income for the Group.

The transactions in relation to the GOME Connected Factoring Loans are regulated by the framework set out in the Existing Factoring Service Framework Agreement which will expire on 31 March 2019. The Company is required to enter into the New Factoring Service Framework Agreement to cover the transactions in respect of the provision of the GOME Connected Factoring Loans for the three years ending 31 December 2021 for compliance with Rules 14A.34 and 14A.51 of the Listing Rules in light of the expiry of the Existing Factoring Service Framework Agreement.

The Directors (including the independent non-executive Directors) consider that 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 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.

DZPTY Factoring Service Agreement

The Board is of the view that the transactions contemplated under the DZPTY Factoring Service Agreement are conducive to the business development of, and beneficial to, the Company. In forming such view, the Board has taken into account the following factors: (i) the Company should utilize surplus cash on hand to reliable customer for generating revenue; and (ii) the revenue generated from the DZPTY Factoring Loan will provide an additional, reliable and stable source of income for the Group.

The Directors (including the independent non-executive Directors) consider that the DZPTY Factoring Service Agreement is entered into in the ordinary course of business of the Group and the terms of the DZPTY Factoring Service Agreement and the one-off DZPTY Factoring Loan as described under “DZPTY Factoring Service Agreement – One-off transaction” above (including the proposed cap amount for the year ending 31 December 2019) are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES INVOLVED

The Group

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

GOME Xinda is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in the commercial factoring business in the PRC.

Swiree

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

DZPTY

DZPTY is a company established in the PRC with limited liability and is wholly-owned by Ms. Zeng, the mother of Mr. Wong. It is principally engaged in the e-commerce sale of electronic products, apparels and prepacked food products in the PRC.

LISTING RULES IMPLICATIONS

New Factoring Service Framework Agreement

References are made to the Company's announcement and circular both dated 5 August 2016. 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 GOME Connected Factoring Loans 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. As a result, the entering into of the New Factoring Service Framework Agreement and the transactions thereunder will be subject to the applicable requirements under Chapter 14A of the Listing Rules.

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

DZPTY Factoring Service Agreement

DZPTY is wholly-owned by Ms. Zeng who is the mother of Mr. Wong, and is an associate of Ms. Du, a controlling shareholder of the Company. DZPTY is therefore a connected person of the Company. As a result, the entering into of the DZPTY Factoring Service Agreement and the transactions contemplated thereunder will be subject to the applicable requirements under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transaction in relation to the one-off DZPTY Factoring Loan under the DZPTY Factoring Service Agreement is subject to the reporting and announcement requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

GENERAL

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

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Gome Finance Technology Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 628)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“DZPTY”	Dazhong Putaoyuan E-Commerce Co., Ltd.* (大眾葡萄園電子商務有限公司), a company established in the PRC with limited liability and wholly-owned by Ms. Zeng
“DZPTY Customer(s)”	the customer(s) of DZPTY
“DZPTY Factoring Loan(s)”	commercial factoring loan(s) that may be granted by the Group to DZPTY pursuant to the terms and conditions of the DZPTY Factoring Service Agreement

“DZPTY Factoring Service Agreement”	the factoring service agreement entered into between the Company and DZPTY dated 15 March 2019 in respect of the provision of the DZPTY Factoring Loan(s) to DZPTY
“Existing Factoring Service Framework Agreement”	the factoring service framework agreement entered into between the Company and Swiree dated 5 August 2016 in respect of the provision of factoring services by the Group to the GOME Suppliers, details of which are set out in the Company’s announcement and circular both dated 5 August 2016
“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 Connected Factoring Loans”	commercial factoring loans granted by the Group to the GOME Suppliers which are conditional upon transfer of the relevant receivables of such GOME Suppliers (being trade payables owing by the GOME Group to such GOME Suppliers) to the Group
“GOME Group”	GOME and its subsidiaries
“GOME Supplier(s)”	supplier(s) of the GOME Group
“GOME Xinda”	GOME Xinda Commercial Factoring Co., Ltd.* (國美信達商業保理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Kwong Yu (黃光裕先生), the husband of Ms. Du

“Ms. Du”	Ms. Du Juan (杜鵑女士), a controlling shareholder of the Company holding approximately 61.20% interest in the issued share capital of the Company
“Ms. Zeng”	Ms. Zeng Chanzhen (曾嬋貞女士), the mother of Mr. Wong
“New Factoring Service Framework Agreement”	the factoring service framework agreement entered into between the Company and Swiree dated 15 March 2019 in respect of the provision of factoring services by the Group to the GOME Suppliers
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swiree”	Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du
“%”	per cent.

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

Hong Kong, 15 March 2019

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

* *for identification purpose only*