

---

## 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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



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

**(1) CONTINUING CONNECTED TRANSACTIONS**  
**(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND**  
**BUY BACK SHARES**  
**(3) PROPOSED RE-ELECTION OF DIRECTORS**  
**AND**  
**(4) NOTICE OF ANNUAL GENERAL MEETING**

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



---

A notice convening the AGM to be held at Canvas 4, Level 26, The Park Lane Hong Kong, a Pullman Hotel, 310 Gloucester Road, Causeway Bay, Hong Kong on Monday, 28 June 2021, at 10:30 am is set out on pages 62 to 68 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gomejr.com](http://www.gomejr.com)).

Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM 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 AGM 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 AGM

Please refer to page ii of this circular for the measures to be implemented at the AGM by the Company 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 AGM 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 AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

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

---

## CONTENTS

---

	<i>Page</i>
<b>Precautionary Measures for the AGM</b> .....	ii
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
Introduction .....	5
Continuing Connected Transactions .....	6
General Mandates to Issue and Buy Back Shares .....	22
Re-Election of Directors .....	23
AGM .....	24
Recommendations .....	25
General Information .....	26
<b>Letter from the Independent Board Committee</b> .....	27
<b>Letter from the Independent Financial Adviser</b> .....	29
<b>Appendix I – General Information</b> .....	52
<b>Appendix II – Explanatory Statement</b> .....	56
<b>Appendix III – Details of the Directors Proposed to be Re-elected at the AGM</b> .....	59
<b>Notice of AGM</b> .....	62

---

## PRECAUTIONARY MEASURES FOR THE AGM

---

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread including, without limitation, the applicable requirements under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong), the Company will implement necessary preventive measures at the AGM to protect attending Shareholders, Directors, proxies and other attendees from the risk of infection, including:

- (1) compulsory body temperature check will be conducted on every Shareholder, proxy and other attendees at the entrance of the AGM venue. Any person with a body temperature of over 37.6 degrees Celsius, or is exhibiting flu-like symptoms may be denied entry into the AGM venue or be required to leave the AGM venue;
- (2) attendees are required to wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats and as such, the Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding; 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 AGM venue, at the absolute discretion of the Company as permitted by law, or be required to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions duly completed, the Shareholders may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

A form of proxy for use at the AGM is attached to this circular and can be downloaded from the Company's website (<http://www.gomejr.com>). If you are not a registered Shareholder (if your Shares are held via banks, brokers or custodians), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

---

## DEFINITIONS

---

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

“AGM”	the annual general meeting of the Company to be convened and held at Canvas 4, Level 26, The Park Lane Hong Kong, a Pullman Hotel, 310 Gloucester Road, Causeway Bay, Hong Kong on Monday, 28 June 2021 at 10:30 a.m.
“Announcement”	the announcement of the Company dated 23 April 2021 in relation to, among other things, (i) the revision of 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 and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buyback Mandate”	the buyback mandate proposed to be granted to the Directors at the AGM to buy back up to 10% of the total number of issued Shares of the Company as at the date of granting of such mandate
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Gome Finance Technology Co., Ltd., a company incorporated in Bermuda with limited liability, the issued 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

---

## DEFINITIONS

---

“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
“core connected person(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
“Extension Mandate”	a general mandate proposed to be granted to the Directors at the AGM to the effect that the total number of Shares which may be allotted, issued or dealt with under the Issuance Mandate may be increased by an additional number representing such number of Shares actually bought back under the Buyback Mandate
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

---

## DEFINITIONS

---

“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 (as amended by the Supplemental Agreement) and the New Factoring Service Framework Agreement
“Issuance Mandate”	the issuance mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares of the Company as at the date of granting of such mandate
“Latest Practicable Date”	24 May 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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

---

## DEFINITIONS

---

“Opus Capital” or “Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, 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 proposed annual caps and the transactions contemplated thereunder
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement entered into between the Company and Swiree on 23 April 2021 to amend the annual cap for the year ending 31 December 2021 for the grant of Connected Factoring Loans under the Existing Factoring Service Framework Agreement, details of which are set out in the Announcement
“Swiree”	Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, as amended from time to time
“%”	per cent.

---

## 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 Director:*

Mr. Zhou Yafei

*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

26 May 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS  
(2) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND  
BUY BACK SHARES  
(3) PROPOSED RE-ELECTION OF DIRECTORS  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

### INTRODUCTION

The purpose of this circular is to provide you details of (1) the continuing connected transactions as disclosed in the Announcement in relation to (i) the revision of the annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement, (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions, (iii) a letter from the Independent Board Committee and (iv) a letter from the Independent Financial Adviser; (2) the grant of the Issuance Mandate, the Buyback Mandate and the Extension Mandate; (3) the re-election of the Directors; and (4) the notice convening the AGM.



---

## LETTER FROM THE BOARD

---

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, amongst other things, (i) the revision of the annual cap and revenue limit for the year ending 31 December 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement; (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions, (iii) the granting of the Issuance Mandate, the Buyback Mandate and the Extension Mandate to the Directors and (iv) the re-election of Directors.

### CONTINUING CONNECTED TRANSACTIONS

#### I. The Existing Factoring Service Framework Agreement

##### Background

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 (Note 1)	RMB170,000,000	RMB14,542,000 (Note 2)
Existing revenue limit	RMB9,000,000	RMB9,000,000	RMB9,000,000
The aggregate revenue generated from the Connected Factoring Loans	RMB5,791,000 (Note 1)	RMB7,808,000	RMB281,000 (Note 2)

---

## LETTER FROM THE BOARD

---

*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. In particular, during the year ended 31 December 2020, the highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans was RMB170,000,000, leaving only RMB60,000,000 available for granting further Connected Factoring Loans with reference to the annual cap of RMB230,000,000, and the revenue limit for the year ended 31 December 2020 had been utilized as to approximately 87%. These factors had prevented the Group from granting further Connected Factoring Loans with relatively large principal amounts in 2020 despite that there was demand from the Connected Factoring Loan Borrowers. In addition, the management of the Company estimates that there will be growth in demand for the Connected Factoring Loans in the year ending 31 December 2021 as compared to the year ended 31 December 2020, having regard to, among others, the overall performance and recovery from the effects of the COVID-19 pandemic of the Chinese economy and the factors (b) and (c) below. Based on the foregoing, the management of the Company takes the view that it would be in the interest of the Company to have a sufficient buffer included in the annual cap and revenue limit for 2021 so that the Group would be able to grant Connected Factoring Loans as and when appropriate to meet market demand, and an approximately 52% increase in the revised annual cap for 2021 is fair and reasonable;
- (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

---

## LETTER FROM THE BOARD

---

- (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 the Supplemental Agreement on 23 April 2021 to amend 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 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.

As compared to an approximately 52% increase in the revised annual cap for 2021, there is an approximately 133% increase in the revised revenue limit for 2021. The management of the Company considers that such increment in the revenue limit for 2021 is fair and reasonable as the existing revenue limit for 2021 was based on, among others, an assumption that each Connected Factoring Loan would mature within 120 days, whereas the subsequently available business data of the Group indicates that, in the actual transactional context, some Connected Factoring Loan Borrowers would borrow a new Connected Factoring Loan after repayment of the existing Connected Factoring Loan, and as a result, the Company has adopted an assumption that Connected Factoring Loans would mature within 180 days for the purpose of the revised revenue limit for 2021.

---

## LETTER FROM THE BOARD

---

### II. The 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; and
- (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 was 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.

---

## LETTER FROM THE BOARD

---

### *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.

---

## LETTER FROM THE BOARD

---

### Historical Transaction Amounts

For the historical transaction amounts under the Existing Factoring Service Framework Agreement, please refer to the paragraph headed “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:

<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>
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) an annual increment of approximately RMB50 million for each of the years ending 31 December 2022, 2023 and 2024 as compared to the immediately preceding year, representing an annual growth rate of around 11% to 14% per annum, based on the expected growth of the Group’s commercial factoring loan business and the estimated demand for the Connected Factoring Loans set out in factors (c) and (d) below;
- (c) 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 (including, without limitation, the promotion and expansion plans of the GOME Group and the expansion of the potential pool of GOME Suppliers, other than electronic goods suppliers, who may require the Group’s commercial factoring services from time to time), 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). For reference only, based on currently available information, the management of the Company estimates that the Connected Factoring Loans that may be granted to the GOME Suppliers may represent approximately 50% of the proposed annual cap for year ending 31 December 2021; and
- (d) 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.

---

## LETTER FROM THE BOARD

---

### 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.

All key management of the Group who are responsible for managing the Group's financial services business (including the designated executive Director or senior management as mentioned below) would be independent from the GOME Group, Mr. Wong and Ms. Du.

Further details of the procedures and workflow are explained below.

#### *Loan Application and Due Diligence*

The Business Department of the Group (the “**Business Department**”) 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.

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 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 of the Group (the “**Risk Audit Department**”).



---

## LETTER FROM THE BOARD

---

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.

### *Review and Approval*

The Risk Audit Department will review and analyse the credit approval form presented by the Business Department 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 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 (the "**Finance Department**"). 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.

### *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 will then be responsible for transferring the funds to the borrower.

### *Collection and Recovery*

The Group adopts a standardized collection and recovery procedure. The Finance Department 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 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.



---

## LETTER FROM THE BOARD

---

### *Terms of a Loan*

The Group's policy for determining the terms 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 "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, or such other threshold as may be determined by the PRC Supreme Court from time to time) 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, 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.

---

## LETTER FROM THE BOARD

---

### INTERNAL CONTROL AND RISK MANAGEMENT

#### *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.

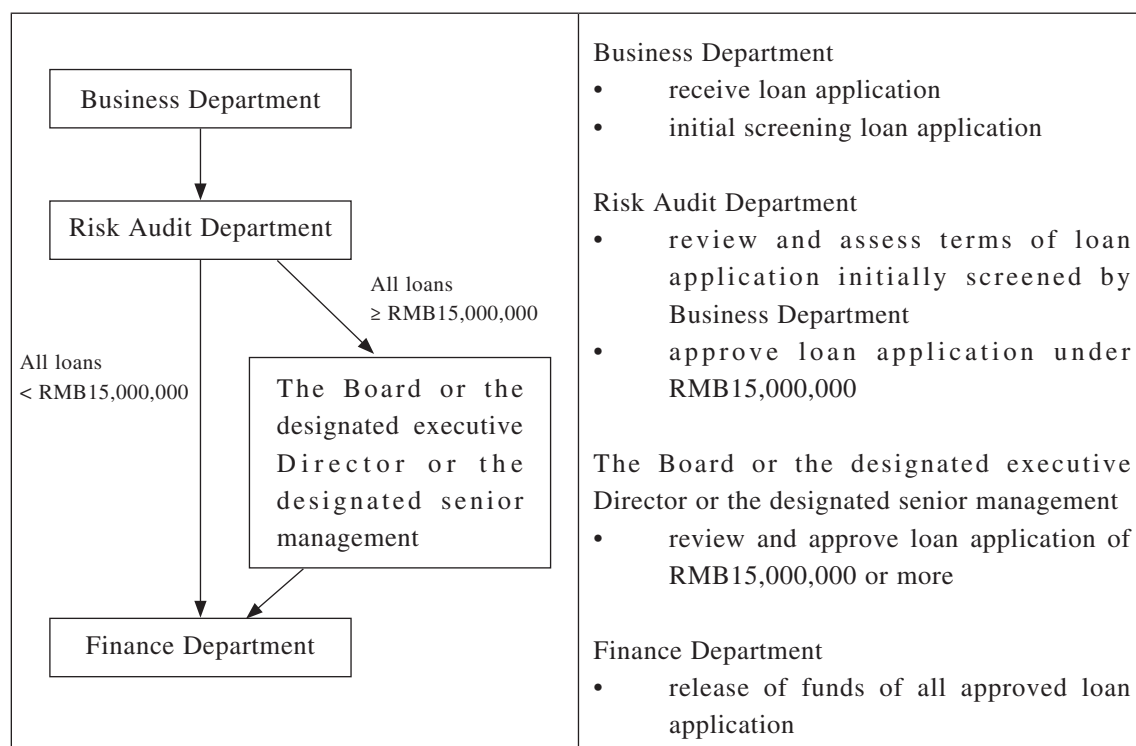
The responsibilities of the departments involving in the key loan making processes are as follows:

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

## LETTER FROM THE BOARD

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:



### ***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 (who is independent of the GOME Group, Mr. Wong and Ms. Du) 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.

---

## LETTER FROM THE BOARD

---

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.

### *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.

---

## LETTER FROM THE BOARD

---

### *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 (as amended by the Supplemental 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 (as amended by the Supplemental 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.

### *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. Under the terms of the Connected Factoring Loans, the Group has the right to recover the outstanding sums from the borrower and, if the borrower is in default, the Group may also seek to collect the accounts receivables that are pledged or transferred to the Group as collateral. Historically, the recoverability of the Connected Factoring Loans was generally satisfactory and no significant impairment of the Connected Factoring Loans was made. Based on the applicable accounting standards and the analysis model adopted by the Group whereby the Group classifies loans into five different categories and three stages based on expected credit losses, provisions for expected credit loss were made for loan receivables of the Connected Factoring Loans according to the discounted cash flows that the Group expected to receive, with the respective provision balances being approximately RMB924,000 as at 31 December 2019 (which was subsequently wholly reversed as the outstanding balance was subsequently fully repaid) and approximately RMB193,000 as at 31 December 2020 (which was on book as the subject loans had not yet matured), which amounts were considered to be relatively insignificant to the Group and were not expected to result in impairment as bad debts. 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.

---

## LETTER FROM THE BOARD

---

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 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 (as amended by the Supplemental 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 (as amended by the Supplemental 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 Latest Practicable Date, 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.

---

## LETTER FROM THE BOARD

---

### 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 (as amended by the Supplemental 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 (as amended by the Supplemental 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 (as amended by the Supplemental 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.

---

## LETTER FROM THE BOARD

---

As Swiree is a party to the Existing Factoring Service Framework Agreement, the Supplemental 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 1,653,073,872 Shares, representing approximately 61.20% of the issued share capital of the Company, as at the Latest Practicable Date) 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 (as amended by the Supplemental 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, a director of Gome Telecom Equipment Co., Ltd. which is a company listed on the Shanghai Stock Exchange (stock code: 600898) of which GOME is a substantial shareholder and is also a director of certain subsidiaries of GOME. Accordingly, 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.

An Independent Board Committee (which consists only of independent non-executive Directors) has been established to advise the Independent Shareholders in relation to (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 (as amended by the Supplemental Agreement), and (ii) the transactions contemplated under the New Factoring Service Framework Agreement and the proposed annual caps for those transactions, taking into account the recommendations on the same by the Independent Financial Adviser. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.



---

## LETTER FROM THE BOARD

---

### GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the Issuance Mandate, the Buyback Mandate and the Extension Mandate.

#### Issuance Mandate and Extension Mandate

At the AGM, an ordinary resolution will be proposed to grant to the Directors an unconditional general mandate (i.e. the Issuance Mandate) to allot, issue and deal with unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to the share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Bye-laws) or make or grant offers, agreements, options and warrants which might require the exercise of such power, subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted must not exceed 20% of the total number of issued Shares as at the date of granting of the Issuance Mandate, provided that if any subsequent consolidation or subdivision of shares is conducted, the maximum number of Shares that may be issued under the Issuance Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

In addition, a separate ordinary resolution will be proposed to extend the Issuance Mandate (i.e. the Extension Mandate) authorising the Directors to allot, issue and deal with Shares to the extent of the Shares bought back pursuant to the Buyback Mandate. Details on the Buyback Mandate are further elaborated below.

As at the Latest Practicable Date, there were 2,701,123,120 Shares in issue. Subject to the passing of the resolution for the approval of the Issuance Mandate and on the basis that no further Shares will be issued or bought back or cancelled and no consolidation or subdivision of Shares will be conducted between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Issuance Mandate to allot, issue and deal with a maximum of 540,224,624 Shares.

#### Buyback Mandate

At the AGM, an ordinary resolution will also be proposed to grant to the Directors an unconditional general mandate to buy back Shares (i.e. the Buyback Mandate) on the Stock Exchange of up to 10% of the total number of issued Shares as at the date of granting of the Buyback Mandate, provided that if any subsequent consolidation or subdivision of shares is conducted, the maximum number of Shares that may be bought back under the Buyback Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

Subject to the passing of the resolution for the approval of the Buyback Mandate and on the basis that no further Shares will be issued or bought back or cancelled and no consolidation or subdivision of Shares will be conducted between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Buyback Mandate to buy back a maximum of 270,112,312 Shares.

---

## LETTER FROM THE BOARD

---

The Issuance Mandate, the Buyback Mandate and the Extension Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the Issuance Mandate, the Buyback Mandate and the Extension Mandate up to (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act, or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the Issuance Mandate, the Buyback Mandate or the Extension Mandate (as the case may be) by an ordinary resolution of the Shareholders at a general meeting of the Company, whichever is the earliest.

An explanatory statement in connection with the Buyback Mandate is set out in Appendix II to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Buyback Mandate at the AGM.

### RE-ELECTION OF DIRECTORS

According to Bye-law 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Shareholders in a general meeting of the Company, as an addition to the existing Board but the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in a general meeting of the Company. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company after his/her appointment (in the case of filling a casual vacancy) or only until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at that meeting. According to Bye-law 87(1) of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3) the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Bye-law 86(2) and Bye-law 87(1) of the Bye-laws, Mr. Zhou Yafei (“**Mr. Zhou**”) who was newly appointed on 26 March 2021 shall retire from office at the AGM, and Ms. Wei Qiuli (“**Ms. Wei**”) and Mr. Wan Jianhua (“**Mr. Wan**”) shall retire from office by rotation at the AGM. Mr. Zhou, Ms. Wei and Mr. Wan are eligible and have offered themselves for re-election. At the AGM, separate ordinary resolutions will be proposed to re-elect Mr. Zhou as executive Director, Ms. Wei as non-executive Director and Mr. Wan as independent non-executive Director.

---

## LETTER FROM THE BOARD

---

The Nomination Committee of the Company had identified candidates pursuant to the criteria set out in the nomination policy adopted by the Company and reviewed the written confirmation of independence of Mr. Wan. The Nomination Committee of the Company is of the view that each of Mr. Zhou, Ms. Wei and Mr. Wan would bring to the Board his own perspectives, skills and experience, as further described in their biographical details in Appendix III to this circular. Based on the board diversity policy adopted by the Company, the Nomination Committee of the Company considers that Mr. Zhou, Ms. Wei and Mr. Wan can contribute to the diversity of the Board, in particular, with their diverse business and professional backgrounds. The Board considers that Mr. Wan has satisfied the criteria for independence set out in Rule 3.13 of the Listing Rules. The Board, taking into account each of Mr. Zhou's, Ms. Wei's and Mr. Wan's past and prospective contributions to the Company and their individual attributes which in the Board's view complement the Board's diversity and optimal composition, accepted the recommendations from the Nomination Committee of the Company and recommends to the Shareholders the proposed re-election of Mr. Zhou as executive Director, Ms. Wei as non-executive Director and Mr. Wan as independent non-executive Director at the AGM.

For administrative convenience and flexibility, the Board seeks to be authorised by the Shareholders to fix the remuneration of the Directors.

The biographical information of Mr. Zhou, Ms. Wei and Mr. Wan are set out in Appendix III to this circular.

### **AGM**

A notice convening the AGM is set out on pages 62 to 68 of this circular. Ordinary resolutions will be proposed at the AGM to approve, 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 (as amended by the Supplemental Agreement); (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions, (iii) the granting of the Issuance Mandate, the Buyback Mandate and the Extension Mandate to the Directors and (iv) the re-election of Directors.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.gomejr.com](http://www.gomejr.com). Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM 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 AGM 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.

---

## LETTER FROM THE BOARD

---

All the resolutions proposed to be approved at the AGM will be taken by poll in accordance with the Listing Rules and an announcement will be made by the Company after the AGM on the poll results of the AGM.

### RECOMMENDATIONS

#### **I. In relation to the Existing Factoring Service Framework Agreement (as amended by the Supplemental Agreement) and the New Factoring Service Framework Agreement**

Your attention is drawn to the letter from the Independent Board Committee set out on pages 27 to 28 of this circular and the letter from the Independent Financial Adviser set out on pages 29 to 51 of this circular which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to (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 (as amended by the Supplemental Agreement) and (ii) the New Factoring Service Framework Agreement, and the transactions contemplated thereunder and the proposed annual caps for those transactions, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser and the principal factors and reasons considered by the Independent Financial Adviser, considers that the Existing Factoring Service Framework Agreement (as amended by the Supplemental Agreement) and the New Factoring Service Framework Agreement were entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the AGM to approve (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 (as amended by the Supplemental Agreement) and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

#### **II. In relation to the grant of the Issuance Mandate, the Buyback Mandate and the Extension Mandate**

The Board considers that the grant of the Issuance Mandate, the Buyback Mandate and the Extension Mandate mentioned above is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the grant of the Issuance Mandate, the Buyback Mandate and the Extension Mandate.

---

## LETTER FROM THE BOARD

---

### III. In relation to the proposed re-election of the Directors

The Board considers that the re-election of Directors mentioned above is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the re-election of the Directors.

### GENERAL INFORMATION

Save as disclosed under “Listing Rules Implications” above, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolution to be proposed at the AGM.

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

---

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



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*

26 May 2021

Dear Sir or Madam,

**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**

We refer to the circular of the Company (the “**Circular**”) dated 26 May 2021 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 (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 (as amended by the Supplemental Agreement) and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions are fair and reasonable. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in the same regard.

We wish to draw your attention to (i) the letter from the Board set out on pages 5 to 26 of the Circular; (ii) the letter from the Independent Financial Adviser as set out on pages 29 to 51 of the Circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to (a) 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 (as amended by the Supplemental Agreement) and (b) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions as well as the principal factors and reasons considered by Opus Capital in arriving at its recommendation; and (iii) the additional information as set out in the Appendix I to the Circular.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having taken into account the advice of Opus Capital, we are of the opinion 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 (as amended by the Supplemental Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the transactions contemplated under the Existing Factoring Service Framework Agreement (as amended by the Supplemental Agreement) are entered into the ordinary course of business of the Group, on normal commercial terms, fair and reasonable, and in the interests of the Company and the 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. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve (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 (as amended by the Supplemental Agreement) and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps for those transactions.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Gome Finance Technology Co., Ltd.**

**Cao Dakuan**

**Hung Ka Hai Clement**

**Wan Jianhua**

**Zhang Liqing**

*Independent non-executive Directors*

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*Set out below is the text of a letter received from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of (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 and proposed revenue limits for those transactions, for the purpose of inclusion in this circular.*



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

26 May 2021

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

Dear Sir or Madam,

**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**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revised annual cap (the “**Revised Annual Cap**”) and revenue limit (the “**Revised Revenue Limit**”) for the year ending 31 December (“**FY**”) 2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement (the “**2021 Supplemental Agreement**”); and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps (the “**Proposed Annual Caps**”) and the proposed revenue limits (the “**Proposed Revenue Limits**”) for those transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 26 May 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As it is anticipated that the existing annual cap and revenue limit for the FY2021 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.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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).

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 the 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 (as amended by the 2021 Supplemental 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 (i) the Revised Annual Cap and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules; and (ii) the Proposed Annual Caps and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, both the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the transactions contemplated thereunder (including the Revised Annual Cap and the Revised Revenue Limit), and the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As Swiree is a party to the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement, and Ms. 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 Revised Annual Cap and the Revised Revenue Limit; and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps, and the Proposed Revenue Limits, 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, a director of Gome Telecom Equipment Co., Ltd. which is a company listed on the Shanghai Stock Exchange (stock code: 600898) of which GOME is a substantial shareholder and is also a director of certain subsidiaries of GOME. According, each of Mr. Zhou and Ms. Wei is therefore deemed to have material interest in the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental 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 (as amended by the 2021 Supplemental 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.

### THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising of Mr. Cao Dakuan, Mr. Hung Ka Hai Clement, Mr. Wan Jianhua and Mr. Zhang Liqing, being all the independent non-executive Directors, has been established by the Company for the purpose of advising the Independent Shareholders as to whether: (i) the transactions contemplated under the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement, respectively, are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the transactions contemplated under the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement, respectively, are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the relevant resolutions to be proposed at the AGM. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the GOME Group, Swiree, the Connected Factoring Loan Borrowers or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the GOME Group, Swiree, the Connected Factoring Loan Borrowers or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the circular of the Company dated 8 May 2019 in respect of the Existing Factoring Service Framework Agreement (the “**May 2019 Circular**”);
- (ii) the Existing Factoring Service Framework Agreement;
- (iii) the 2021 Supplemental Agreement;
- (iv) the New Factoring Service Framework Agreement;
- (v) the Company’s annual report for FY2020 (the “**2020 Annual Report**”);
- (vi) certain internal records and procedures of the Group; and
- (vii) other information set out in the Circular.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete and not misleading or deceptive in all respects at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the AGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has 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 Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the transactions contemplated under the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

#### **1. 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Swiree*

Swiree is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Du. As at the Latest Practicable Date, 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.

## **2. Background of and reasons for and benefits of the proposed transactions**

We note from the 2020 Annual Report that the commercial factoring business' segment revenue and segment result indeed accounted for approximately 80.9% and 95.6% of the Group's total revenue and result, respectively, for FY2020. The revenue from the commercial factoring business during FY2020 significantly increased from approximately RMB43.8 million to approximately RMB70.1 million, mainly due to the stable development of this business. The increase in the Group's total revenue and net profit for FY2020 were mainly contributed by the commercial factoring business. As set out in the paragraph headed "Reasons and Benefits" under the Letter from the Board, 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. Under the terms of the Connected Factoring Loans, the Group has the right to recover the outstanding sums from the borrower and, if the borrower is in default, the Group may also seek to collect the accounts receivables that are pledged or transferred to the Group as collateral. Historically, the recoverability of the Connected Factoring Loans was generally satisfactory and no significant impairment of the Connected Factoring Loans was made. Based on the applicable accounting standards and the analysis model adopted by the Group whereby the Group classifies loans into five different categories and three stages based on expected credit losses, provisions for expected credit loss were made for loan receivables of the Connected Factoring Loans according to the discounted cash flows that the Group expected to receive, with the respective provision balances being approximately RMB924,000 as at 31 December 2019 (which was subsequently wholly reversed as the outstanding balance was subsequently fully repaid) and approximately RMB193,000 as at 31 December 2020 (which was on book as the subject loans had not yet matured), which amounts were considered to be relatively insignificant to the Group and were not expected to result in impairment as bad debts. 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 FY2021 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 FY2021.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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 FY2022, FY2023 and FY2024 for compliance with Rules 14A.34 and 14A.51 of the Listing Rules.

Given (i) the recurrent nature of the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement and the similar framework agreements that existed before these two agreements; and (ii) the strong historical financial performance of and favourable prospects offered by the commercial factoring business, we are of the view that the entering into of the 2021 Supplemental Agreement and the New Factoring Service Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **3. Principal terms of the 2021 Supplemental Agreement and the New Factoring Service Framework Agreement**

#### *(a) Principal terms of the 2021 Supplemental Agreement*

A summary of salient terms of the 2021 Supplemental Agreement is set out below. For details on the background of the Existing Factoring Service Framework Agreement, please refer to the announcement dated 15 March 2019 and 15 April 2019 and the May 2019 Circular of the Company.

**Date:** 23 April 2021

**Parties:** (i) the Company; and  
(ii) Swiree

**Subject matters:** *Revised Annual Cap*

Pursuant to the 2021 Supplemental Agreement, the existing annual cap for FY2021 for the transactions contemplated under the Existing Factoring Service Framework Agreement has been revised from RMB230,000,000 to RMB350,000,000 (save for the said revision of the existing annual cap to the Revised Annual Cap, the other terms of the Existing Factoring Service Framework Agreement have not been amended by the 2021 Supplemental Agreement).

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### *Revised Revenue Limit*

In light of the proposed revision to the existing annual cap for FY2021, it is proposed that the revenue limit for FY2021 (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.

(b) *Principal terms of the New Factoring Service Framework Agreement*

**Date:** 23 April 2021

**Parties:** (i) the Company; and  
(ii) 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

With reference to the factoring loans granted by the Group in FY2020, 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 was 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” in the Letter from the Board). 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 FY2020. 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.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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 sub-paragraph headed “II. The New Factoring Service Framework Agreement – Proposed Annual Caps” in the Letter from the Board.

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 FY2022, FY2023 and FY2024 (i.e. the Proposed Revenue Limits), respectively. The Proposed Revenue Limits are determined principally by reference to the following factors:

- (a) the Proposed Annual Caps;
- (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 FY2020; and
- (d) certain buffer to cater for unforeseen circumstances such as a surge in demand for factoring loans and increase in interest rates.

We have reviewed the Existing Factoring Service Framework Agreement in conjunction with the New Factoring Service Framework Agreement, and randomly selected, obtained and reviewed: (i) 7 samples of the Individual Factoring Agreements entered into between members of the Group and the Connected Factoring Loan Borrowers (the “**Connected Factoring Agreements**”) during the period of FY2019, FY2020 and the three months period ended 31 March 2021 (“**3M2021**”) (collectively referred as the “**Review Period**”); and (ii) 12 samples of factoring agreements entered into between members of the Group and the independent third party to the Connected Factoring Loan Borrower(s) (the “**I3P Factoring Agreements**”) for the Review Period.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We understand that the terms of the 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.

Based on the above, and in particular, (i) the terms of an Individual Factoring Agreement shall be negotiated at arm's length; (ii) the established pricing policy as set out in the section headed "5. Pricing policy" below; (iii) the Company's internal control measures and our review of such measures to be discussed in the section below; and (iv) the Revised Revenue Limit and Proposed Revenue Limits would protect to prevent the Group from placing undue reliance on the Connected Factoring Loans in business development in future, we consider the abovementioned (i) the Revised Annual Cap and Revised Revenue Limit; and (ii) the guiding principles for providing Connected Factoring Loans and other principal terms of the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company the Shareholders as a whole.

#### 4. Internal control and risk management

As stated in the Letter from the Board under the paragraph headed "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.

All key management of the Group who are responsible for managing the Group's financial services business (including the designated executive Director or senior management as mentioned below) would be independent from the GOME Group, Mr. Wong and Ms. Du.

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.

#### *Credit policies and credit approval procedures*

The Group has established its own credit policies and credit approval procedures for loan applications. The Business Department of the Group (the "**Business Department**"), the members of which are front-line sales representatives who would stay abreast of the latest market and borrowers' status and conditions, will evaluate credit risk of the borrowers based on its 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 of the Group (the "**Risk Audit Department**"), the members of which consist of departmental staffs and its department head who has more than 10 years of experience in risk management.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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.

The Risk Audit Department will review and analyse the credit approval form presented by the Business Department 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 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 (the "**Finance Department**"). 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. As advised by the Management, there were approximately one-fifth of the loans granted by the Group in FY2020 with the amounts exceeded the aforementioned threshold.

### *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 (who is independent of the GOME Group, Mr. Wong and Ms. Du) 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

We have reviewed a copy of the Group's credit policies and credit approval procedures. We have also randomly selected, obtained and reviewed (i) 3 sets of approval documents by the designated executive Director or senior management for Connected Factoring Loan which is equal or exceed the Threshold for each of FY2019, FY2020 and 3M2021; and (ii) 3 sets of documents by the Risk Audit Department for Connected Factoring Loan below the Threshold for each of FY2019, FY2020 and 3M2021, and noted that the approval process on each sample was performed with appropriate approval process.

In addition, the Company will keep track of the amounts of the accounts receivable and the credit periods based on which the principal amounts of the factoring loans and the tenure of the factoring loans are determined. We have carried out a review on 3 sets of record tracking documents (i.e. the loan books) as at 31 March 2021, which recorded detailed information of both the Connected Factoring Loans (with loan drawdown dates starting from March 2019 to January 2021) and unconnected factoring loans (with loan drawdown dates starting from October 2018 to January 2021), and are satisfied that the Company kept an extensive record of both connected and unconnected factoring loans and the associated accounts receivable.

### ***Revenue Limit***

As stated in the Letter from the Board, 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

The control, including but not limited to the schedule prepared by the Finance Department on the revenue limits are subject to multiple levels of review and close monitoring from the designated executive Director or senior management and various departments of the Group such as the Finance Department, the Business Department and the Risk Audit Department. Moreover, given the Business Department and the Risk Audit Department will be promptly informed of the quota limits, any loan application will be rejected if the granting of such Connected Factoring Loan may result in the revenue limits being exceeded. We consider the internal control measures in relation to the monitoring of the revenue limits to be sufficient and effective.

We have further enquired the Management on the delinquency rate of all the previous Connected Factoring Loans and noted that none of the Connected Factoring Loans was written-off from the Group's book or recorded as a bad debt.

Based on the above, we consider that the above internal control measures and risk management function adopted by the Company are appropriate and provide reasonable assurance that the interests of the Company in respect of the provision of the Connected Factoring Loans to the Connected Factoring Loan Borrowers will be safeguarded.

### **5. Pricing policy**

As stated in the Letter from the Board, the Group's policy for determining the terms of a loan (including a Connected Factoring Loan) is set out below:

- (i) 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 sub-paragraph headed "Loan Making Process – Loan Application and Due Diligence" under the Letter from the Board), 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, or such other threshold as may be determined by the PRC Supreme Court from time to time) and the Group's funding cost as affected by the financial market liquidity;
- (ii) the credit risk of the borrower as assessed by the Risk Audit Department, based on the system and guidelines approved by the designated executive Director or senior management; and

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (iii) 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.

We have randomly selected, obtained and reviewed: (i) 7 samples of the Connected Factoring Agreements for the Review Period; and (ii) 12 samples of the I3P Factoring Agreements for the Review Period, and noted that the interest rates charged to factoring loans for the Review Period were as below:

**Table 1: Interest rate range charged to factoring loans by the Group for FY2019, FY2020 and 3M2021**

	<b>Interest Rates Range</b>		
	<b>FY2019</b>	<b>FY2020</b>	<b>3M2021</b>
Connected Factoring Agreements	12.0%	10.5% to 12.0%	9.0%
I3P Factoring Agreements	11.0% to 12.0%	8.0% to 14.0%	9.0% to 11.5%

During our review of the randomly selected 7 samples of the Connected Factoring Agreements and 12 samples of the I3P Factoring Agreements for the Review Period, we note that:

- (i) the range of interest rates adopted in the Connected Factoring Agreements were comparable to that in the I3P Factoring Agreements as summarized in the above table;
- (ii) the interest rate in one sample of the I3P Factoring Agreement during FY2020 was 14% which was higher than interest rates charged on the Connected Factoring Agreements. As discussed with the Management, to justify the once-off occurrence of such interest differential during FY2020, one should note that the GOME Suppliers' accounts receivable pledged under the factoring loans were due from GOME, which is a large listed company in Hong Kong with healthy financial position, while the accounts receivable pledged under the I3P Factoring Agreements were mostly due from private companies that were less established than GOME. The Connected Factoring Loans also had a strong track record as none of the Connected Factoring Loans was written-off from the Group's book nor recorded as bad debt. On the other hand, the relevant borrower under the particular I3P Factoring Agreement has a relatively higher credit risk profile based on the risk assessment conducted by the Group; and
- (iii) the facility terms of the loans granted (generally one year) are in line with the repayment periods (generally within 180 days) of the Connected Factoring Agreements, and are broadly in line with those of the I3P Factoring Agreements.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Furthermore, we have, on a non-exhaustive basis, examined 4 market comparable companies, of which 2 market comparable companies were provided by the Management (the “**Company Comparables**”) and 2 market comparable companies were obtained from our desktop research (the “**IFA Comparables**”, collectively, the “**Market Comparables**”), which offer factoring loan services to suppliers of consumer and electronic products in the PRC and are affiliates of major retailer/e-commerce groups. We note the prevailing interest rates charged by the Market Comparables in FY2020 are as below:

**Table 2: Annualized rates charged by Market Comparables offering commercial factoring service in FY2020**

<b>Company Comparables</b>	<b>Annualized Rate in FY2020</b>
JD Finance (京小貸)	5.5% to 14.0%
Suning Finance (信速融)	8.4% to 9.6%

*Source: Market intelligence provided by the Management*

<b>IFA Comparables</b>	<b>Annualized Rate in FY2020</b>
Alibaba Finance (網商貸)	8.8% to 10.8%
Haier Factoring (海爾金融保理)	Approximately 11.0%

*Source: the websites containing relevant commercial factoring service pricing information of the relevant IFA Comparables*

We consider the Market Comparables are affiliates of PRC household brands active in selling and distributing consumer and electronic products which are major players in providing factoring loan services to suppliers of consumer and electronic products in the PRC. As such, the Market Comparables, in our view, form a meaningful and representative benchmark to the Group. We noted that the interest rate charged in the Connected Factoring Agreements for the Review Period are within the range of the annualized rates from approximately 5.5% to approximately 14.0% charged by the Market Comparables.

Based on the above, we consider the abovementioned pricing policy will ensure that the Connected Factoring Loans shall be conducted at terms no less favourable to the Group than those offered by the Group to independent third parties for providing similar services.

### **6. Annual review by the independent non-executive Directors and external auditors**

As stated in the Letter from the Board, the independent non-executive Directors will conduct annual review of the continuing connected transactions under the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental 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.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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 (as amended by the 2021 Supplemental 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.

In light of the reporting requirements attached to the continuing connected transactions contemplated under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement, in particular, (i) the restriction of the value of the continuing connected transactions contemplated under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement by way of the annual caps and the applicable revenue limit; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company of the terms and the annual caps and the applicable revenue limit not being exceeded, we are of the view that appropriate measures are in place to monitor the conduct of the transactions and assist to safeguard the interests of the Independent Shareholders.

### 7. Analysis on the Revised Annual Cap and the Proposed Annual Caps

Set out below are: (i) the maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans which may be granted by the Group (i.e. the existing annual caps); (ii) the Revised Annual Cap; (iii) the highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans; (iv) the utilization of the maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans (i.e. the existing annual caps); and (v) the Proposed Annual Caps.

	<b>FY2019</b> <i>(RMB' million)</i>	<b>FY2020</b> <i>(RMB' million)</i>	<b>FY2021</b> <i>(RMB' million)</i>
Maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans which may be granted by the Group (i.e. the existing annual caps)	290	230	230
Revised Annual Cap	N/A	N/A	350
Highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans	110 <i>(Note 1)</i>	170	14.5 <i>(Note 2)</i>
Utilization of the maximum daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans (i.e. the existing annual caps)	37.9%	73.9%	6.3%



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*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 3M2021.

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
	<i>(RMB' million)</i>	<i>(RMB' million)</i>	<i>(RMB' million)</i>
Proposed Annual Caps	400	450	500

As stated in the Letter from the Board, the Revised Annual Cap and Proposed Annual Caps were determined by reference to various factors, particularly:

- (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 FY2019, FY2020 and 3M2021. In particular, during FY2020, the highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans was RMB170,000,000, leaving only RMB60,000,000 available for granting further Connected Factoring Loans with reference to the annual cap of RMB230,000,000, and the revenue limit for FY2020 had been utilized as to approximately 86.8%. These factors had prevented the Group from granting further Connected Factoring Loans with relatively large principal amounts in 2020 despite that there was demand from the Connected Factoring Loan Borrowers. In addition, the Management estimates that there will be growth in demand for the Connected Factoring Loans in FY2021 as compared to FY2020, having regard to, among others, the overall performance and recovery from the effects of the COVID-19 pandemic of the Chinese economy and the factors (c) and (d) below. Based on the foregoing, the Management takes the view that it would be in the interest of the Company to have a sufficient buffer included in the annual cap and revenue limit for FY2021 so that the Group would be able to grant the Connected Factoring Loans as and when appropriate to meet market demand, and an approximately 52% increase in the revised annual cap for 2021 is fair and reasonable;
- (b) an annual increment of approximately RMB50 million for each of FY2022, FY2023 and FY2024 as compared to the immediately preceding year, representing an annual growth rate of around 11% to 14% per annum, based on the expected growth of the Group's commercial factoring loan business and the estimated demand for the Connected Factoring Loans set out in factors (c) and (d) below;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (c) 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 (including, without limitation, the promotion and expansion plans of the GOME Group and the expansion of the potential pool of the GOME Suppliers, other than electronic goods suppliers, who may require the Group's commercial factoring services from time to time), 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). For reference only, based on currently available information, the Management estimates that the Connected Factoring Loans that may be granted to the GOME Suppliers may represent approximately 50% of the Revised Annual Cap for FY2021; and
- (d) 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.

In assessing the fairness and reasonableness of the Revised Annual Cap and the Proposed Annual Cap, we have taken into account the following factors:

- (a) given the historical highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans increased from approximately RMB110 million in FY2019 to approximately RMB170 million in FY2020, representing a significant increase of approximately 154.5%;
- (b) the utilization rate of the existing annual cap for FY2020 reached to approximately 73.9%;
- (c) the Revised Annual Cap is calculated as follows after our discussion with the Management; and

**Table 3: Calculation of the Revised Annual Cap and the Proposed Annual Caps**

Factors considered by the Management	<i>RMB' million</i>
(i) The Management's estimate of the demand for Connected Factoring Loan Borrowers based on the existing demand for Connected Factoring Loan Borrowers in FY2020	170
(ii) The Management's estimate of the additional demand for Connected Factoring Loans from existing Connected Factoring Loan Borrowers	100
(iii) The Management's estimate of the demand for Connected Factoring Loans from new Connected Factoring Loan Borrowers and a buffer	80
<b>Total (Revised Annual Cap)</b>	<b>350</b>

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (d) as advised by the Management, it is expected to have annual increments of 10% to 15% in the demand for Connected Factoring Loans throughout FY2022 to FY2024. As such, modest estimated growth rates of approximately 10% to 15% have been applied to the Proposed Annual Caps for each of FY2022 to FY2024 to cater for organic growth of the commercial factoring business.

After our enquiry and further discussion with the Management in relation to the calculation of the Revised Annual Cap and the Proposed Annual Caps, we understand that:

- (a) based on the historical record of FY2020, the highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans amounted to RMB170 million. The Management expected that such demand for the Connected Factoring Loans from the Connected Factoring Loan Borrowers would persist in FY2021. As such, the Management estimated that the highest daily balance of the aggregate outstanding principal amount of the Connected Factoring Loans in FY2021 is unlikely to be lower than that of FY2020 which established the floor value for the Revised Annual Cap;
- (b) the Management estimates that there will be additional demand for the Connected Factoring Loans from the existing Connected Factoring Loan Borrowers based on: (i) the Group having received demand from the Connected Factoring Loan Borrowers for relatively large principal amounts in FY2020; and (ii) the Management received various enquires from existing Connected Factoring Loan Borrowers to explore the feasibility of granting a larger amount of Connected Factoring Loans;
- (c) the Management expects that there will be demand for Connected Factoring Loans from new Connected Factoring Loan Borrowers and a buffer is adopted by the Management for the Revised Annual Cap; and
- (d) given the strong historical track record and outlook of the commercial factoring business noted in the section headed “2. Background of and reasons for and benefits of the proposed transactions” above, we are of the view that having annual increments of 10% to 15% applied to the Proposed Annual Caps for each of FY2022 to FY2024 to cater for organic growth of the commercial factoring business, appears to be reasonable.

Based on the above, we are of the view that the Revised Annual Cap and Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### 8. Analysis on the Revised Revenue Limit and the Proposed Revenue Limits

Set out below are: (i) the existing revenue limits under the Existing Factoring Service Framework Agreement; (ii) the Revised Revenue Limits; (iii) the aggregate revenue generated from the Connected Factoring Loans under the Existing Factoring Service Framework Agreement; (iii) the utilization of the existing revenue limits under the Existing Factoring Service Framework Agreement; and (iv) the Proposed Revenue Limits under the New Factoring Service Framework Agreement.

	FY2019 <i>(RMB'000)</i>	FY2020 <i>(RMB'000)</i>	FY2021 <i>(RMB'000)</i>
Existing revenue limits	9,000	9,000	9,000
Revised Revenue Limit	N/A	N/A	21,000

	FY2019 <i>(RMB'000)</i>	FY2020 <i>(RMB'000)</i>	3M2021 <i>(RMB'000)</i>
The aggregate revenue generated from the Connected Factoring Loans	5,791	7,808	281
Utilization of the existing revenue limits	64.3% <i>(Note 1)</i>	86.8%	3.1% <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 3M2021.

	FY2022 <i>(RMB'000)</i>	FY2023 <i>(RMB'000)</i>	FY2024 <i>(RMB'000)</i>
Proposed Revenue Limits	24,000	27,000	30,000

As stated in the Letter from the Board, the Revised Revenue Limit and Proposed Revenue Limits were determined by reference to various factors, particularly:

- (a) the Revised Annual Cap and Proposed Annual Caps for the grant of the Connected Factoring Loans under the Existing Factoring Service Framework Agreement and the New Factoring Service Framework Agreement, respectively;
- (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 a majority of the Connected Factoring Loans granted to the Connected Factoring Loan Borrowers during FY2020; 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

As compared to an approximately 52% increase in the revised annual cap for FY2021, there is an approximately 133.3% increase in the Revised Revenue Limit. The existing revenue limit for FY2021 was based on, among others, an assumption that each Connected Factoring Loan would mature within 120 days, whereas the subsequently available business data of the Group indicates that, in the actual transactional context, some Connected Factoring Loan Borrowers would borrow a new Connected Factoring Loan after repayment of the existing Connected Factoring Loan, and as a result, the Company has adopted an assumption that Connected Factoring Loans would mature within 180 days for the purpose of the Revised Revenue Limit as stated in the Letter from the Board.

In assessing the fairness and reasonableness of the Revised Revenue Limit and the Proposed Revenue Limits, we have taken into account the following factors:

- (a) the aggregate revenue generated from the Connected Factoring Loans increased from approximately RMB5.8 million for FY2019 to approximately RMB7.8 million, representing an increase of RMB2 million or approximately 34.5% which showed the increase in the business needs of the Group;
- (b) the utilization rate of the existing revenue limit reached to approximately 86.8% for FY2020 which showed that the existing revenue limit is insufficient to meet the business needs of the Group as stated in the Letter from the Board;
- (c) as mentioned in the section headed “7. Analysis on the Revised Annual Cap and the Proposed Annual Caps” above, the estimated demand for the factoring loans from Connected Factoring Loan Borrowers;
- (d) there are approximately 6 months left for the remaining period in FY2021 as at the Latest Practicable Date, the maximum potential revenue from granting the Connected Factoring Loans in FY2021 will be RMB21 million, which is calculated by multiplying the Revised Annual Cap of RMB350 million by the aforementioned notional interest rate of 12% for the entire remaining period of 6 months in FY2021, is in line with the Revised Annual Cap; and
- (e) the Proposed Revenue Limits of RMB24 million, RMB27 million and RMB30 million for FY2022, FY2023 and FY2024 respectively represent a mild year-on-year increase of approximately 14.3%, 12.5% and 11.1% respectively which, when taken into account the strong historical track record and outlook of the commercial factoring business noted in the section headed “2. Background of and reasons for and benefits of the proposed transactions” above, appears to be reasonable.

Based on the above, we are of the view that the Revised Revenue Limit and the Proposed Revenue Limits are fair and reasonable so far as the Independent Shareholders are concerned.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the transactions contemplated under the Existing Factoring Service Framework Agreement (as amended by the 2021 Supplemental Agreement) and the New Factoring Service Framework Agreement, respectively, are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM to approve (i) the Revised Annual Cap and Revised Revenue Limit, and (ii) the New Factoring Service Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps and the Proposed Revenue Limits.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Cheung On Kit Andrew**  
*Executive Director*

*Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.*

**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, 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 for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

**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:

<b>Name of Substantial Shareholder</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding interest (Note 4)</b>
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%

*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) 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' 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.

**VI. 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 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**VII. 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.



**VIII. 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 2020, being the date to which the latest published audited financial statements of the Company were made up.

**IX. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Opus Capital	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser

As at the Latest Practicable Date, Opus Capital did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2020, the date to which the latest audited financial statements of the Group was made up; and had no shareholding, directly or indirectly, in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**X. MISCELLANEOUS**

- (1) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, 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 the 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.

**XI. 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 Existing Factoring Service Framework Agreement;
- (c) the Supplemental Agreement;
- (d) the New Factoring Service Framework Agreement;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this circular;
- (f) the letter from Opus Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 29 to 51 of this circular;
- (g) the written consent of Opus Capital referred to in the paragraph headed "IX. EXPERT AND CONSENT" in this Appendix I; and
- (h) this circular.

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Buyback Mandate.*

### **1. EXERCISE OF BUYBACK MANDATE**

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,701,123,120 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Buyback Mandate and on the basis that no further Shares will be issued or bought back or cancelled by the Company and no consolidation or subdivision of Shares will be conducted prior to the date of the AGM, the Company will be allowed under the Buyback Mandate to buy back a maximum of 270,112,312 fully paid Shares, representing 10% of the total number of issued Shares of the Company as at the date of the passing of the relevant resolution at the AGM.

### **2. REASONS FOR THE BUYBACK**

The Directors believe that the Buyback Mandate is in the best interests of the Company and its Shareholders as a whole. An exercise of the Buyback Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that a buyback will benefit the Company and its Shareholders as a whole.

### **3. FUNDING OF BUYBACK**

A buyback of the Shares will be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for such purpose in accordance with the applicable laws of Bermuda, the Companies Act, the memorandum of association of the Company, the Bye-laws and the Listing Rules.

### **4. IMPACT OF BUYBACK**

An exercise of the Buyback Mandate in full may have a material adverse impact on the working capital and/or gearing position of the Company as compared with those as at 31 December 2020, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any buyback in circumstances that would have a material adverse impact on the working capital or gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2020</b>		
May	0.53	0.49
June	1.15	0.52
July	0.87	0.77
August	0.85	0.70
September	0.76	0.57
October	0.63	0.56
November	0.58	0.52
December	0.54	0.50
<b>2021</b>		
January	0.70	0.50
February	1.25	0.64
March	1.15	0.72
April	0.86	0.71
May (up to the Latest Practicable Date)	0.74	0.63

## 6. DIRECTORS, CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, has any present intention to sell to the Company or its subsidiaries any of the Shares if the Buyback Mandate is approved at the AGM.

The Listing Rules prohibit the Company from knowingly purchasing its securities from a core connected person and a core connected person is prohibited from knowingly selling to the Company his/her/its securities of the Company.

None of the core connected persons of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor have any such core connected persons undertaken not to sell any of the Shares held by them to the Company in the event that the Buyback Mandate is approved at the AGM.

**7. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make buybacks pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

**8. TAKEOVERS CODE**

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Company exercising its powers to buy back Shares pursuant to the Buyback Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, based on the shareholding information available to the Directors, as at the Latest Practicable Date, an exercise of the Buyback Mandate in full will not result in any of the Shareholders becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Directors had no intention to exercise the Buyback Mandate to such an extent that would result in any Shareholder or any other persons becoming obliged to make a general offer under the Takeovers Code or the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

**9. SHARE BUYBACKS MADE BY THE COMPANY**

The Company had not bought back any of its Shares (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

*Details of the Directors proposed to be re-elected at the AGM are set out below:*

**Mr. Zhou Yafei** (“**Mr. Zhou**”), aged 53, was appointed as an executive director of the Company with effect from 26 March 2021. Mr. Zhou is currently a member of the Nomination Committee and the Strategy Committee of the Company. Mr. Zhou was the Chief Financial Officer of GOME Appliance Co., Ltd. from 2000 to 2004, and subsequently remained in his position as the Chief Financial Officer for GOME, from 2004 to 2008 after the injection of GOME Appliance Co., Ltd. into GOME in 2004, and has been the executive vice president of GOME Holding Group Company Limited (incorporated in Beijing, the PRC) since 2009. Mr. Zhou has over 20 years of experience in PRC accounting, finance and tax consulting. He is a registered accountant (non-practising) and a registered tax agent (non-practising) in the PRC. Mr. Zhou graduated from the Beijing Institute of Technology with a master’s degree.

Mr. Zhou has been appointed as non-executive director of Lajin Entertainment Network Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8172), since April 2015.

Notwithstanding Mr. Zhou being the executive vice president of GOME Holding Group Company Limited, during his tenure in acting as an executive Director, a member of the Nomination Committee and the Strategy Committee of the Company, Mr. Zhou has devoted significant time and effort in attending to various business affairs of the Company that were brought to the attention, or which required the supervision, of the Board and/or the board committees that Mr. Zhou has been a member of, and with respect to which he has rendered valuable contributions. As such, the Company considers that, having regard to Mr. Zhou’s performance during his past tenure, he will continue to be able to devote sufficient time in performing his duties as an executive Director, a member of the Nomination Committee and the Strategy Committee of the Company in spite of his other commitments.

Save as disclosed above, Mr. Zhou did not hold any other directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Save for being the executive vice president of GOME Holding Group Company Limited which is a company ultimately controlled by Mr. Wong, and being a non-executive director of Lajin Entertainment Network Group Limited of which Mr. Wong is a substantial shareholder, Mr. Zhou does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. Mr. Zhou has entered into a service agreement with the Company. Pursuant to the service agreement, Mr. Zhou is entitled to receive a remuneration of HK\$120,000 per annum which was determined with reference to his duties and responsibilities with the Company and the prevailing market conditions and will be subject to review by the Board from time to time. Save as aforesaid, he is not entitled to any other remuneration as a Director under his service contract with the Company.

As at the Latest Practicable Date, Mr. Zhou did not have any interest in Shares within the meaning of Part XV of the SFO.

Save as disclose above, there is no other information relating to the re-election of Mr. Zhou that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in relation to Mr. Zhou that need to be brought to the attention of the Shareholders.

**Ms. Wei Qiuli** (“**Ms. Wei**”), aged 54, was appointed as a non-executive director of the Company with effect from 5 September 2016. Ms. Wei is currently a member of the Remuneration Committee of the Company. Ms. Wei has been acting as vice president and senior vice president of GOME, and is responsible for administrative and brand management matters since November 2006 and 2012, respectively, and as an executive director of GOME between January 2009 and June 2011. She was appointed as chairman of decision-making committee of GOME in March 2018 and responsible for the medium- to long-term strategic planning, group organizational planning as well as planning and implementation of human resources training. Ms. Wei obtained a Bachelor of Philosophy degree from Capital Normal University in 1990 and a Master of Business Administration degree from the China Europe International Business School in 2013.

Ms. Wei is a director of Gome Telecom Equipment Co., Ltd. (國美通訊設備股份有限公司) (formerly known as Sanlian Trading Company Holding Limited (三聯商社股份有限公司)) which is listed on the Shanghai Stock Exchange (stock code: 600898).

Save as disclosed above, Ms. Wei did not hold any other directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Save for being the senior vice president of GOME of which Mr. Wong is a substantial shareholder, Ms. Wei does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. Ms. Wei has entered into an appointment letter with the Company. Pursuant to the appointment letter, Ms. Wei is entitled to receive a director’s fee of HK\$120,000 per annum which is determined with reference to her duties and responsibilities with the Company, the Company’s current standards for emoluments and the prevailing market conditions and is subject to review by the Board from time to time. Save as aforesaid, she is not entitled to any other remuneration nor bonus payments as a Director under her service contract with the Company.

As at the Latest Practicable Date, Ms. Wei did not have any interest in Shares within the meaning of Part XV of the SFO.

Save as disclose above, there is no other information relating to the re-election of Ms. Wei that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in relation to Ms. Wei that need to be brought to the attention of the Shareholders.

**Mr. Wan Jianhua** (“**Mr. Wan**”), aged 65, was appointed as an independent non-executive director of the Company with effect from 26 August 2017. He is currently the chairman of the Strategy Committee and a member of the Remuneration Committee of the Company. Mr. Wan is currently the chairman and chief executive officer of All-in-pay Network Services Co., Ltd. (通聯支付網絡服務股份有限公司), the chairman of the Association of Shanghai Finance Industry (上海市互聯網金融行業協會), independent director of China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司), independent director of Great Wall Fund Management Company Limited (長城基金管理有限公司) and independent director of Shengang Securities Co., Ltd. (申港證券有限公司). Mr. Wan formerly served as senior management of various well-known enterprises and organizations including director of treasury management and office of macro-economic analysis of The People’s Bank of China (中國人民銀行), vice president of China Merchants Bank Co., Ltd. (招商銀行股份有限公司)(Shanghai A shares stock code: 600036; Hong Kong H shares stock code: 3968), president and the first chairman of China UnionPay Co., Ltd. (中國銀聯股份有限公司), president of Shanghai International Group (上海國際集團) and chairman of Guotai Junan Securities Co. Ltd. (國泰君安證券股份有限公司)(Shanghai A shares stock code: 601211; Hong Kong H shares stock code: 2611). Mr. Wan has extensive working and management experience in banking, securities, payment and corporate management. Mr. Wan obtained a bachelor degree in economics from The Xiamen University, a master degree in economics from The People’s Bank of China Institute of Finance (now known as Tsinghua University PBC School of Finance) and the qualification of doctoral degree candidate in economics from The Australian National University.

Mr. Wan has been appointed as an independent director of Shanghai Xinnanyang Only Education & Technology Co., Ltd. (上海新南洋昂立教育科技股份有限公司)(Shanghai A share stock code: 600661) since September 2017 and as an independent director of Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) (Shanghai A share stock code: 601229) in September 2015 and subsequently retired in April 2021.

Save as disclosed above, Mr. Wan did not hold any other directorships in other listed public companies in the past three years immediately prior to the Latest Practicable Date. Mr. Wan does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. Mr. Wan has entered into an appointment letter with the Company. Pursuant to the appointment letter, Mr. Wan is entitled to receive a director’s fee of HK\$320,000 per annum which is determined with reference to his duties and responsibilities with the Company, the Company’s current standards for emoluments and the prevailing market conditions and is subject to review by the Board from time to time. Save as aforesaid, he is not entitled to any other remuneration nor bonus payments as a Director under his service contract with the Company.

As at the Latest Practicable Date, Mr. Wan did not have any interest in Shares within the meaning of Part XV of the SFO.

Save as disclose above, there is no other information relating to the re-election of Mr. Wan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in relation to Mr. Wan that need to be brought to the attention of the Shareholders.



---

## NOTICE OF AGM

---



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 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**AGM**”) of Gome Finance Technology Co., Ltd. (the “**Company**”) will be held at Canvas 4, Level 26, The Park Lane Hong Kong, a Pullman Hotel, 310 Gloucester Road, Causeway Bay, Hong Kong on Monday, 28 June 2021 at 10:30 am for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

Unless otherwise defined, capitalised terms used therein shall have the same meanings as those defined in the circular of the Company dated 26 May 2021 (the “**Circular**”).

#### AS ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended 31 December 2020.
2.
  - (a) To re-elect Mr. Zhou Yafei as an executive Director;
  - (b) To re-elect Ms. Wei Qiuli as a non-executive Director;
  - (c) To re-elect Mr. Wan Jianhua as an independent non-executive Director; and
  - (d) To authorise the board of Directors to fix the Directors’ remuneration.
3. To re-appoint Moore Stephens CPA Limited as the auditor of the Company for the year ending 31 December 2021 and to authorise the board of Directors to fix their remuneration.

---

## NOTICE OF AGM

---

### AS SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following as ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including securities convertible into Shares or options, warrants or similar rights to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme(s) of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any options or warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of 20 per cent. of the total number of issued Shares of the Company on the date of the passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of Shares that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, and the authority granted pursuant to (a) of this resolution shall be limited accordingly; and

---

## NOTICE OF AGM

---

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda as amended from time to time or any other applicable laws of Bermuda to be held; and
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. To consider and, if thought fit, to pass with or without modification the following as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to buy back shares of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Act 1981 of Bermuda as amended from time to time (the “**Companies Act**”) and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

---

## NOTICE OF AGM

---

- (b) the total number of Shares which may be bought back by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10 per cent. of the total number of issued Shares of the Company as at the date of the passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of Shares that may be bought back under the mandate in paragraph (a) above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable laws of Bermuda to be held; and
    - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. To consider and, if thought fit, to pass with or without modification the following as ordinary resolution:
- “**THAT** conditional upon the passing of resolutions numbered 4 and 5 above, the general mandate to the Directors pursuant to resolution numbered 4 be and is hereby extended by the addition thereto of such number of Shares of the Company bought back by the Company under the authority granted pursuant to the resolution numbered 5, provided that such number of Shares shall not exceed 10 per cent. of the total number of Shares of the Company in issue as at the date of passing this resolution.”
7. To consider and, if thought fit, to pass with or without modification the following as ordinary resolution:
- “**THAT:**
- (a) the revision of 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 the entering into of the Supplemental Agreement dated 23 April 2021 as defined and described in the Circular (a copy of each of the Existing Factoring Service Framework Agreement and the Supplemental Agreement have been produced to the AGM and marked “A” and initialled by the chairman of the AGM for the purposes of identification) be and are hereby approved, confirmed and ratified;

---

## NOTICE OF AGM

---

- (b) the entering into of the New Factoring Service Framework Agreement dated 23 April 2021 as defined and described in the Circular (a copy of the New Factoring Service Framework Agreement has been produced to the AGM and marked “B” and initialled by the chairman of the AGM for the purposes of identification), all the transactions contemplated thereunder, and the proposed annual caps and revenue limit set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/they in his/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Existing Factoring Service Framework Agreement, the Supplemental Agreement, the New Factoring Service Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director, in the interest of the Company.”

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

Hong Kong, 26 May 2021

*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

---

## NOTICE OF AGM

---

*Notes:*

1. A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the annual general meeting. A proxy need not be a member of the Company but must be present in person at the annual general meeting 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.
2. 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 office 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 annual general meeting or any adjournment thereof (as the case may be).
3. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof (as the case may be) should he so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 22 June 2021 to Monday, 28 June 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, 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, 21 June 2021.
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, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the name stands on the register of members of the Company in respect of the relevant joint holding.
6. Save for resolutions approving the procedural and administrative matters, any voting of the general meeting should be taken by poll.
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 on "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 annual general meeting, then the meeting will be postponed. The Company will post an announcement on the websites of the Company at ([www.gomejr.com](http://www.gomejr.com)) and HKExnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify shareholders of the date, time and place of the rescheduled meeting.

The annual general meeting 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 annual general meeting under bad weather condition bearing in mind their own situations.

---

## NOTICE OF AGM

---

8. Please see page ii of the Circular for the measures to be implemented at the annual general meeting convened by the above notice by the Company to safeguard the health and safety of the attendees and to prevent the spreading of the 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 annual general meeting 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 annual general meeting as their proxy to vote on the relevant resolutions at the annual general meeting as an alternative to attending the annual general meeting in person.

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

*As at the date of this notice, the Company's 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.*