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## **GOME RETAIL HOLDINGS LIMITED**

**國美零售控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 493)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NEW CONTINUING CONNECTED TRANSACTIONS**

On 26 November 2021, the Company entered into the following agreements in respect of the continuing connected transactions of the Company for the three financial years from 1 January 2022 to 31 December 2024:

- (a) the 2022 Master Merchandise Purchase Agreement for the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by GOME Fun or the Parent Group to the Group;
- (b) the 2022 Master Merchandise Supply Agreement for the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by the Group to GOME Fun or the Parent Group;
- (c) the 2022 Logistics Services Agreement for the provision of logistics services (including delivery of general merchandise to end customers) by GOME Holding or the Parent Group to GOME Fun or the Group;
- (d) the First 2022 Warehouse Services Agreement for the provision of warehousing services by the Group to GOME Fun or the Parent Group;
- (e) the Second 2022 Warehouse Services Agreement for the provision of warehousing services by GOME Holding or the Parent Group to GOME Fun or the Group;
- (f) the 2022 Property Development Management Services Agreement for the provision of project development management services by GOME Holding or the Parent Group to the Group;

- (g) the First 2022 Services Agreement for the provision of services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) by GOME Holding, GOME Fun or the Parent Group to the Group;
- (h) the Second 2022 Services Agreement for the provision of services (including technical services, platform services and inbound marketing services) by the Group or GOME Fun to GOME Holding or the Parent Group;
- (i) the First 2022 Offline Display Services Agreement for the provision of offline display services by GOME Holding, GOME Fun or the Parent Group to the Group;
- (j) the Second 2022 Offline Display Services Agreement for the provision of offline display services by the Group or GOME Fun to GOME Holding or the Parent Group; and
- (k) the 2022 After Sale Services Agreement for the provision of after sale and installation services by the Group to GOME Fun or the Parent Group.

As (i) GOME Holding is owned by the Controlling Shareholder and is a connected person of the Company, and (ii) GOME Fun is owned as to 60% by the Group and 40% by the Controlling Shareholder, GOME Fun is an associate of the Controlling Shareholder and a connected subsidiary of the Company, transactions between the Group and each of GOME Holding and GOME Fun constitute connected transactions for the Company.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the annual caps for the (i) 2022 Logistics Services Agreement, (ii) First 2022 Warehouse Services Agreement, (iii) Second 2022 Warehouse Services Agreement, (iv) 2022 Property Development Management Services Agreement and (v) 2022 After Sale Services Agreement, on an annual basis, are expected to be more than 0.1% but all of which are less than 5%, the transactions contemplated under these agreements will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (other than profits ratio) in respect of the annual caps under each of the (i) 2022 Master Merchandise Purchase Agreement, (ii) 2022 Master Merchandise Supply Agreement, (iii) First 2022 Services Agreement, (iv) Second 2022 Services Agreement, (v) First 2022 Offline Display Services Agreement and (vi) Second 2022 Offline Display Services Agreement (i.e. the Relevant CCT Agreements) are respectively expected to exceed 5% on an annual basis, the transactions contemplated under these agreements will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Relevant CCT Agreements. Opus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Relevant CCT Agreements, (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendations from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the SGM is expected to be dispatched to the Shareholders on or about 16 December 2021.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 12 November 2018 and 27 November 2018 and the circular of the Company dated 21 December 2018 in relation to, among other things, the 2019 CCT Agreements.

As the 2019 CCT Agreements will expire on 31 December 2021, the Group entered into the (i) 2022 Master Merchandise Purchase Agreement, (ii) 2022 Master Merchandise Supply Agreement, (iii) 2022 Logistics Services Agreement, (iv) First 2022 Warehouse Services Agreement, (v) Second 2022 Warehouse Services Agreement and (vi) 2022 Property Development Management Services Agreement to enable the Group to continue its existing operations going forward. In addition, in order to meet the respective services needs of the Group and GOME Holding, the Group also entered into the (i) First 2022 Services Agreement, (ii) Second 2022 Services Agreement, (iii) First 2022 Offline Display Services Agreement, (iv) Second 2022 Offline Display Services Agreement, and (v) 2022 After Sale Services Agreement.

Details of the aforementioned agreements are set out below:

### **(A) 2022 MASTER MERCHANDISE PURCHASE AGREEMENT**

**Date:**

26 November 2021

**Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company, which is principally engaged in the retailing of electrical appliances and consumer electronics products; and
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group, which is principally engaged in the business of providing online retail services. The remaining 40% equity interests of GOME Fun is owned by the Controlling Shareholder. GOME Fun is hence an associate of the Controlling Shareholder and a connected subsidiary of the Company for the purpose of the Listing Rules.

## Terms of the 2022 Master Merchandise Purchase Agreement and annual caps

Pursuant to the 2022 Master Merchandise Purchase Agreement, GOME Fun agreed to, and will procure any member of the Parent Group to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Master Merchandise Purchase Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB28 billion, RMB35 billion and RMB45 billion, respectively.

## Historical transaction amounts

The historical transaction amounts for the general merchandise purchased under the 2019 Master Merchandise Purchase Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 <i>RMB' million</i>	For the year ended 31 December 2020 <i>RMB' million</i>	For the nine-month period ended 30 September 2021 <i>RMB' million</i>
Annual caps	5,000.0	8,000.0	10,000.0 <i>(Note 1)</i>
Transaction amounts <i>(Note 2)</i>	3,938.0	2,083.1	3,227.5

### Notes:

1. For the entire year ended 31 December 2021.
2. The significant decrease in actual transaction amounts for the year ended 31 December 2020 was mainly attributable to the outbreak of the COVID-19 pandemic which caused disruption to many industries in China, including the business of the Group.

Products supplied under the 2022 Master Merchandise Purchase Agreement will be paid either: (1) in advance as prepayment, (2) at the time of purchase, or (3) within 180 days from the receipt of the products.

## Basis for determining the purchase price and annual caps of the 2022 Master Merchandise Purchase Agreement

The purchase price under the 2022 Master Merchandise Purchase Agreement will be based on the prevailing market rate of similar merchandise charged by GOME Fun or any member of the Parent Group to independent third parties.

The Group will review the financial records of GOME Fun and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of merchandise to ensure the terms offered by GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The proposed annual cap amounts of the 2022 Master Merchandise Purchase Agreement were determined after taking into consideration:

- i. the historical transaction amounts of merchandise supplied under the 2019 Master Merchandise Purchase Agreement to the Group;
- ii. the expected increase in demand for general merchandise by the Group's physical stores as they will carry a broader range of general merchandise including for example household appliances, food and wine, clothing, home decoration, daily necessities, mother care and baby goods and beauty and personal care products;
- iii. the expected growth in gross merchandise volume ("GMV") of the Group taking into account, among others, the rebound in consumption as global economy has started to recover from the COVID-19 pandemic, and future business expansion of the Group; and
- iv. the plan of rapidly expanding the coverage of the Group's physical stores to the third to sixth-tier cities in the PRC to about 6,000 plus stores within the next three years (number of stores as at 30 June 2021: 3,895 stores, including 2,556 county-level stores), and the Group's estimate of the expected revenue that may be derived from each of these new stores based on the Group's experience of penetration into other similar-tier cities.

Having considered all of the factors in (ii) to (iii) which will lead to an organic growth from the existing stores and the growth resulting from the number of stores to be opened, expected size of the stores and the population of the relevant cities driving the demand for the physical stores, the annual cap for 2023 under the 2022 Master Merchandise Purchase Agreement will be increased by 25% as compared to the annual cap of 2022 and the annual cap of 2024 will be increased by approximately 29% as compared to the annual cap of 2023.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2022 Master Merchandise Purchase Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(B) 2022 MASTER MERCHANDISE SUPPLY AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company; and
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group.

### **Terms of the 2022 Master Merchandise Supply Agreement and annual caps**

Pursuant to the 2022 Master Merchandise Supply Agreement, GOME Appliance agreed to, and will procure any member of the Group to, supply general merchandise (including but not limited to electrical appliances and consumer electronics products) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Master Merchandise Supply Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB30 billion, RMB40 billion and RMB50 billion, respectively.

### **Historical transaction amounts**

The historical transaction amounts for the general merchandise supplied under the 2019 Master Merchandise Supply Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the nine-month period ended 30 September 2021</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual caps	10,000.0	15,000.0	20,000.0 (Note 1)
Transaction amounts (Note 2)	5,334.7	3,012.8	4,445.1

#### *Notes:*

1. For the entire year ended 31 December 2021.
2. Please refer to Note 2 above on page 4 for the reasons for under-utilization of the annual cap.

Products supplied under the 2022 Master Merchandise Supply Agreement will be paid either: (1) in advance as prepayment, (2) at the time of purchase, or (3) within 180 days from the receipt of the products.

### **Basis for determining the selling price and annual caps of the 2022 Master Merchandise Supply Agreement**

The selling price under the 2022 Master Merchandise Supply Agreement will be based on the prevailing market rate of similar merchandise charged by GOME Appliance or the Group to independent third parties.

The Group will review the financial records of GOME Fun and members of the Parent Group to ensure the terms offered by GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The proposed annual cap amounts of the 2022 Master Merchandise Supply Agreement were determined after taking into consideration:

- i. the historical transaction amounts of merchandise supplied under the 2019 Master Merchandise Supply Agreement;
- ii. the expected growth in transaction amounts taking into account, among others, the rebound in consumption as global economy has started to recover from the COVID-19 pandemic;
- iii. the expected trend of customers of the Group becoming more used to using the Group's online platform to purchase electrical appliances and general merchandise, including for example AV and small appliances (i.e. including small kitchen appliances, hair dryers and electronic iron, etc.);
- iv. the expected continued increase in the number of online shoppers in the PRC leading to a continued growth in the online business and hence leading to an increase in demand from GOME Appliance; and
- v. the consequential increase in online transaction volume as a result of the increase in online browsers of the GOME Fun platform due to the brand penetration into the third to sixth-tier cities where the Group will open its new stores.

Having considered all the above factors which will drive the demand for e-commerce business, the annual caps are set as to RMB30 billion, RMB40 billion and RMB50 billion for the three years ending 31 December 2024, representing an increase of 33.3% from 2022 to 2023 and 25% from 2023 to 2024.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2022 Master Merchandise Supply Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.



## (C) 2022 LOGISTICS SERVICES AGREEMENT

### Date:

26 November 2021

### Parties:

- (a) GOME Appliance, a wholly-owned subsidiary of the Company;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules.

### Terms of the 2022 Logistics Services Agreement and annual caps

Pursuant to the 2022 Logistics Services Agreement, GOME Holding agreed to, and will procure any member of the Parent Group to, provide logistics services (including delivery of general merchandise to end customers) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Logistics Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2024.

### Historical transaction amounts

The historical transaction amounts in relation to the logistics services provided under the 2019 Logistics Services Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the nine-month period ended 30 September 2021</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual caps	700.0	700.0	700.0 (Note)
Transaction amounts	645.3	594.9	563.2

Note: For the entire year ended 31 December 2021



## **Basis for determining the service fee and the annual caps of the 2022 Logistics Services Agreement**

The service fee will be based on the prevailing market rate of similar services charged by GOME Holding to independent third parties.

The Group will review the financial records of GOME Holding and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of logistic services to ensure the terms offered by GOME Holding or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the logistics services.

The proposed annual cap amounts of the 2022 Logistics Services Agreement were determined after taking into consideration:

- i. the historical transaction amounts under the 2019 Logistics Services Agreement;
- ii. the fast developing e-commerce business of the Group with its wide geographical coverage in which GOME Fun operates and the expansion of the Group's physical stores to the third to sixth-tier cities in the PRC; and
- iii. the expected growth in demand for logistics services including, among others, the increase in demand for cold chain and fast delivery services in addition to standard courier services, as the Group broadens the range of general merchandise carried by its stores covering food and wine and other daily necessities.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 Logistics Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(D) FIRST 2022 WAREHOUSE SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company; and
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group.

## Terms of the First 2022 Warehouse Services Agreement and annual caps

Pursuant to the First 2022 Warehouse Services Agreement, GOME Appliance agreed to, and will procure any member of the Group to, provide warehousing services (including storage of general merchandise) to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2024.

## Historical transaction amounts

The historical transaction amounts in relation to the warehousing services provided under the 2019 First Warehouse Services Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 <i>RMB' million</i>	For the year ended 31 December 2020 <i>RMB' million</i>	For the nine-month period ended 30 September 2021 <i>RMB' million</i>
Annual caps	100.0	200.0	300.0 <i>(Note)</i>
Transaction amounts	97.7	146.5	104.7

*Note:* For the entire year ended 31 December 2021

## Basis for determining the service fee and the annual caps of the First 2022 Warehouse Services Agreement

The service fee will be based on the prevailing market rate of similar services charged by the Group to independent third parties.

The Group will review the financial records of GOME Fun and members of the Parent Group to ensure the terms offered by GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance, (2) at the time of service provision, or (3) within 180 days from the receipt of the warehouse services.

The proposed annual cap amounts of the First 2022 Warehouse Services Agreement were determined after taking into consideration:

- i. the historical transaction amounts under the 2019 First Warehouse Services Agreement;
- ii. the fast developing e-commerce business of the Group and its wide geographical coverage in which GOME Fun operates; and
- iii. the expected growth in demand for warehousing services taking into account, among others, the expected growth in demand for general merchandise by GOME Fun or members of the Parent Group under the 2022 Master Merchandise Supply Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the First 2022 Warehouse Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(E) SECOND 2022 WAREHOUSE SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules.

### **Terms of the Second 2022 Warehouse Services Agreement and annual caps**

Pursuant to the Second 2022 Warehouse Services Agreement, GOME Holding agreed to, and will procure any member of the Parent Group to, provide warehousing services (including storage of general merchandise) to GOME Appliance, GOME Fun or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Warehouse Services Agreement. The annual caps of the transaction amounts (excluding value added tax) shall not exceed RMB900 million for each of the three years ending 31 December 2024.

## Historical transaction amounts

The historical transaction amounts in relation to the warehousing services provided under the 2019 Second Warehouse Services Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 <i>RMB' million</i>	For the year ended 31 December 2020 <i>RMB' million</i>	For the nine-month period ended 30 September 2021 <i>RMB' million</i>
Annual caps	700.0	700.0	700.0 <i>(Note 1)</i>
Transaction amounts <i>(Note 2)</i>	42.7	29.4	23.8

Notes:

1. For the entire year ended 31 December 2021.
2. Please refer to Note 2 above on page 4 for the reasons for under-utilization of the annual caps.

## Basis for determining the service fee and the annual caps of the Second 2022 Warehouse Services Agreement

The service fee will be based on the prevailing market rate of similar services charged by GOME Holding to independent third parties.

The Group will review the financial records of GOME Holding and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of warehouse services to ensure the terms offered by GOME Holding or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the warehouse services.

The proposed annual cap amounts of the Second 2022 Warehouse Services Agreement were determined after taking into consideration:

- i. the fast developing e-commerce business of the Group with its wide geographical coverage in which GOME Fun operates and the expansion of the Group's physical stores to the third to sixth-tier cities in the PRC; and
- ii. the expected growth in the demand for warehousing services taking into account, among others, the expected growth in demand for general merchandise by the Group under the 2022 Master Merchandise Purchase Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second 2022 Warehouse Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(F) 2022 PROPERTY DEVELOPMENT MANAGEMENT SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company; and
- (b) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules.

### **Terms of the 2022 Property Development Management Services Agreement and annual caps**

Pursuant to the 2022 Property Development Management Services Agreement, GOME Holding agreed to, and will procure any member of the Parent Group to, provide property development management services to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 Property Development Management Services Agreement. The annual caps of the transaction amounts (excluding value added tax) for the three years ending 31 December 2024 shall not exceeding RMB300 million, RMB400 million and RMB500 million, respectively.

### **Historical transaction amounts**

The historical transaction amounts in relation to the property development management services provided under the 2019 Property Development Management Services Agreement for the two financial years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 are as follows:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the nine-month period ended 30 September 2021</b>
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual caps	100.0	100.0	100.0 (Note)
Transaction amounts	25.0	60.4	16.4

*Note:* For the entire year ended 31 December 2021

## **Basis of determining the service fee and annual caps of the 2022 Property Development Management Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by GOME Holding to independent third parties.

The Group will review the financial records of GOME Holding and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of property development management services to ensure the terms offered by GOME Holding or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance, (2) at the time of service provision, or (3) within 180 days from the receipt of the property development management services.

The proposed annual cap amounts of the 2022 Property Development Management Services Agreement were determined after taking into consideration:

- i. the historical transaction amounts under the 2019 Property Development Management Services Agreement; and
- ii. the anticipated level of property development management services required by the Group in the three years ending 31 December 2024.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 Property Development Management Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(G) FIRST 2022 SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Appliance, a wholly-owned subsidiary of the Company.

### **Terms of the First 2022 Services Agreement and annual caps**

Pursuant to the First 2022 Services Agreement, GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) to GOME Appliance or any member of the Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2022, 2023 and 2024 shall not exceed RMB8 billion, RMB12 billion and RMB15 billion, respectively.

## **Basis of determining the service fee and annual caps of the First 2022 Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by GOME Holding and GOME Fun to independent third parties.

The Group will review the financial records of GOME Holding, GOME Fun and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of similar services to ensure the terms offered by GOME Holding, GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the relevant services.

There have been no previous transactions in relation to the services contemplated under the First 2022 Services Agreement. The proposed annual cap amounts of the First 2022 Services Agreement were determined after taking into consideration:

- i. the expected demand for technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services by the Group for the three years ending 31 December 2024; and
- ii. the expected transaction amounts arising in connection with the management entrustment framework agreement dated 11 October 2021 entered into between the Company and GOME Management (the “**Entrustment Agreement**”), whereby the Group will cooperate closely with the subsidiaries and affiliates of GOME Management in order to form a closed-loop ecosystem for the Group strategically and create better synergies. For details of the Entrustment Agreement, please refer to the announcements of the Company dated 11 October 2021 and 16 November 2021, respectively.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the First 2022 Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(H) SECOND 2022 SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules.



## **Terms of the Second 2022 Services Agreement and annual caps**

Pursuant to the Second 2022 Services Agreement, GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide services (including technical services, platform services and inbound marketing services) to GOME Holding or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB10 billion, RMB15 billion and RMB20 billion, respectively.

### **Basis of determining the service fee and annual caps of the Second 2022 Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by the Group and GOME Fun to independent third parties.

The Group will review the financial records of GOME Holding to ensure the terms offered by GOME Holding to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the relevant services.

There have been no previous transactions in relation to the services contemplated under the Second 2022 Services Agreement. The proposed annual cap amounts of the Second 2022 Services Agreement were determined after taking into consideration:

- i. the expected demand for technical services, platform services and inbound marketing services by GOME Holding for the three years ending 31 December 2024; and
- ii. the expected transaction amounts arising in connection with the Entrustment Agreement whereby the Group will cooperate closely with the subsidiaries and affiliates of GOME Management in order to form a closed-loop eco-system for the Group strategically and create better synergies.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Second 2022 Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(I) FIRST 2022 OFFLINE DISPLAY SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Appliance, a wholly-owned subsidiary of the Company.

### **Terms of the First 2022 Offline Display Services Agreement and annual caps**

Pursuant to the First 2022 Offline Display Services Agreement, GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide offline display services to GOME Appliance or any member of the Group pursuant to their requests from time to time, to showcase and display their products at the Parent Group's offline platforms for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the First 2022 Offline Display Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB800 million, RMB1,500 million and RMB2,500 million, respectively.

### **Basis of determining the service fee and annual caps of the First 2022 Offline Display Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by GOME Holding and GOME Fun to independent third parties.

The Group will review the financial records of GOME Holding, GOME Fun and members of the Parent Group including samples of invoices issued to independent third parties in relation to the supply of offline display services to ensure the terms offered by GOME Holding, GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the offline display services.

There have been no previous transactions in relation to the offline display services contemplated under the First 2022 Offline Display Services Agreement. The proposed annual cap amounts of the First 2022 Offline Display Services Agreement were determined after taking into consideration:

- i. the expected demand for offline display services by the Group for the three years ending 31 December 2024; and
- ii. the business development plan of GOME Eco-net Technology Holding Limited (國美生態科技控股有限公司) (“GOME Home (國美家)”, a member of the Parent Group) to open new stores in 300 cities with an aggregate gross floor area of three million square meters per year in the coming three years and hence the expected increase in the scale of the offline display services to be provided to GOME Appliance and the Group.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the First 2022 Offline Display Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(J) SECOND 2022 OFFLINE DISPLAY SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company;
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group; and
- (c) GOME Holding, a company owned by the Controlling Shareholder and is a connected person of the Company for the purpose of the Listing Rules.

## **Terms of the Second 2022 Offline Display Services Agreement and annual caps**

Pursuant to the Second 2022 Offline Display Services Agreement, GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide offline display services to GOME Holding or any member of the Parent Group pursuant to their requests from time to time, to showcase and display their products at the Group's offline platforms for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the Second 2022 Offline Display Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB1 billion, RMB2 billion and RMB3 billion, respectively.

### **Basis of determining the service fee and annual caps of the Second 2022 Offline Display Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by the Group and GOME Fun to independent third parties.

The Group will review the financial records of GOME Holding to ensure the terms offered by GOME Holding to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the offline display services.

There have been no previous transactions in relation to the offline display services contemplated under the Second 2022 Offline Display Services Agreement. The proposed annual cap amounts of the Second 2022 Offline Display Services Agreement were determined after taking into consideration:

- i. the expected demand for offline display services by GOME Holding for the three years ending 31 December 2024; and
- ii. the Group's development plan in relation to GOME Commercial Capital and No.9 Xiangjiang pursuant to which, GOME Holding intends to (among other things) display electrical appliances and consumer electronic products through an interconnection of different scenes from offline stores to online platform, achieve a leading model of online and offline connection, and give consumers a unique shopping experience. For details, please refer to the circular of the Company dated 13 August 2021.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Second 2022 Offline Display Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **(K) 2022 AFTER SALE SERVICES AGREEMENT**

### **Date:**

26 November 2021

### **Parties:**

- (a) GOME Appliance, a wholly-owned subsidiary of the Company; and
- (b) GOME Fun, a 60% non-wholly-owned subsidiary of the Group.

### **Terms of the 2022 After Sale Services Agreement and annual caps**

Pursuant to the 2022 After Sale Services Agreement, GOME Appliance agreed to, and will procure any member of the Group to, provide after sale and installation services to GOME Fun or any member of the Parent Group pursuant to their requests from time to time, for a period of three years from 1 January 2022 to 31 December 2024, unless otherwise terminated in accordance with the terms of the 2022 After Sale Services Agreement. The annual caps of the transaction amounts (excluding value-added tax) for the three years ending 31 December 2024 shall not exceed RMB300 million, RMB400 million and RMB500 million, respectively.

### **Basis of determining the service fee and annual caps of the 2022 After Sale Services Agreement**

The service fee was determined with reference to the prevailing market rate of similar or comparable services offered by the Group to independent third parties.

The Group will review the financial records of GOME Fun and members of the Parent Group to ensure the terms offered by GOME Fun or the Parent Group to the Group were similar and not less favorable than terms offered to the independent third parties.

The service fee will be settled either (1) in advance as prepayment, (2) at the time of service provision, or (3) within 180 days from the receipt of the after sale services.

There have been no previous transactions in relation to the after sale services contemplated under the 2022 After Sale Services Agreement. The proposed annual cap amounts of the 2022 After Sale Services Agreement were determined after taking into consideration the expected demand for after sale and installation services by GOME Fun for the three years ending 31 December 2024 taking into account, among others, the expected growth in demand for general merchandise by GOME Fun or any member of the Parent Group under the 2022 Master Merchandise Supply Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 After Sale Services Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## INTERNAL CONTROL POLICY FOR CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the continuing connected transactions of the Group are being conducted in a fair and reasonable manner, and are in line with the prevailing market rates, the Group adopts the following internal control methods and procedures:

- (a) The relevant management personnel of the Company will conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are being conducted in accordance with the terms of the relevant agreement and they will also regularly, on a monthly basis, update the market price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the pricing policy of the Group:
  - (i) to determine the prevailing market rate, the Group will obtain quotations from at least two independent suppliers of similar services to set the reference market price. If there is no quotations or information to determine the prevailing market rate, the Group will determine the prevailing market rate by reference to the average price of similar products previously purchased/supplied by the Group, and on normal commercial terms which are no less favourable than that are available from independent third parties. In addition, the management team of the Group will from time to time (on a regular monthly basis and/or prior to price negotiation) gather market intelligence by way of research and investigation to ascertain the quality of the products/services compared to similar products/services in the market and the reference price of each type of transactions in the market;
  - (ii) the management team of the Group will, on a monthly basis, review, monitor and benchmark with the average industry prices in respect of the sales of the products/provision of the services;
  - (iii) the Company also conducts regular quarterly reviews of the sales, costs of sales and expenses of the products/services and ensures the transactions are within the annual caps;
  - (iv) the Group will also work closely with customers/suppliers with a view to obtaining information on the demand and inventory situation, and the Company would then adjust or negotiate the prices of the products/services as and when necessary to ensure price fairness.
- (b) The Company will conduct periodic half-yearly audit reviews of the continuing connected transactions of the Company, to consider the (i) effective implementation of the pricing policies and the payment methods, evaluation of balances of annual caps; and (ii) management weaknesses, and recommendation of improvement measures to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective and where any weaknesses are identified, the Company will take measures to address them as soon as practicable.

- (c) The independent non-executive directors of the Company will review the transactions contemplated under the continuing connected transactions of the Company pursuant to Listing Rule 14A.55, and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The independent auditor of the Group will also conduct an annual review on the pricing terms and annual caps of the continuing connected transactions.

## **REASONS FOR ENTERING INTO THE 2022 CCT AGREEMENTS**

### **Supply and purchase services**

GOME Fun is a non-wholly owned subsidiary of the Group. As it is owned as to 40% by the Controlling Shareholder, it is an associate of the Controlling Shareholder and a connected subsidiary of the Company and the transactions between the Group and GOME Fun become connected transactions for the Company for the purpose of the Listing Rules.

The Group is currently an all-round retail eco-system sharing platform focusing on retail and home services in the PRC, with the range of general merchandise covering household appliances, food and wine, clothing, home decoration, daily necessities, mother care and baby goods and beauty and personal care products. GOME Fun is an important component of the Group's online platform, engaging in online retail business and local life services. Each of the Group and GOME Fun has its own procurement channels and suppliers. Prior to the Group's strategic transformation, the Group's retail business focuses primarily on electrical appliances and electronic products, and the proportion of general merchandise was relatively low. As the Group undergoes strategic transformation, the scope of the Group's procurement will expand and increase the proportion of merchandise other than electrical appliances and electronic products. Whereas GOME Fun, as opposed to its previous strategy of focusing on general merchandise, will procure more electrical appliances and electronic products to achieve a balanced development. As the retail strategy of the Group evolves, online and offline retails will integrate and the range of merchandise will also complement each other more comprehensively.

The 2022 Master Merchandise Purchase Agreement and the 2022 Master Merchandise Supply Agreement were entered into to improve the efficiency of the Group's procurement of products and enable the Group and GOME Fun to source products from their own or the other party's suppliers and make such products available to both the online and offline retail platforms of the Group to allow the Group (through GOME Appliance, its wholly-owned subsidiary, and GOME Fun) to capture the demand of all potential customers online and offline. Hence, the products which are the subject of each of the 2022 Master Merchandise Purchase Agreement and the 2022 Master Merchandise Supply Agreement include the full range of products currently and to be offered by the relevant subsidiary. It is expected that GOME Appliance will be supplying mainly electrical appliances under the 2022 Master Merchandise Supply Agreement; while GOME Fun will be supplying mainly general merchandise under the 2022 Master Merchandise Purchase Agreement. As such, the products supplied by/to GOME Fun to/from GOME Appliance may be of the same but under different brand names.



The products carried by the Group's offline retail stores and the online platform are the same. This strategy is in line with many other international retailers. The same product will be supplied from the same ultimate manufacturer. GOME Appliance will, based on the method explained above, be able to source the product at the lowest price. The prices charged under the 2022 Master Merchandise Purchase Agreement and the 2022 Master Merchandise Supply Agreement will not be higher than the price charged by independent suppliers on similar terms for the same or similar products.

Apart from ensuring the Group could capture all potential customers through its online and offline platform, the other main purpose of the 2022 Master Merchandise Purchase Agreement and the 2022 Master Merchandise Supply Agreement is to ensure that the Group (whether through GOME Appliance, its wholly-owned subsidiary, or GOME Fun) obtains the relevant products at the lowest cost possible (on similar terms) and on normal or better commercial terms as (i) before placing any order of goods, the merchandising department of the Group would source for a supplier to provide the best terms available for the Group. Then, it would use the subsidiary that could negotiate the best terms and also preferred by the supplier (e.g. small goods suppliers usually prefer GOME Fun while large electrical appliances goods suppliers usually prefer GOME Appliance) to enter into the relevant supply agreements. Hence, the relevant product is sourced at the lowest cost (on similar terms) to the Group as a whole, and before making a purchase, the relevant subsidiary is subject to the internal controls set out in the section above headed "INTERNAL CONTROL POLICY FOR CONTINUING CONNECTED TRANSACTIONS".

Through the above procedures, the relevant subsidiary will be able to obtain the best term under the 2022 Master Merchandise Purchase Agreement and the 2022 Master Merchandise Supply Agreement available to it for the purchase of the relevant product. As such, the pricing of the products will be fair and reasonable and on normal commercial terms or better. The arrangement will minimise the occurrence of shortage of products and lower purchase costs and is essential for the operation and development of the Group.

## **Logistics and warehousing services**

Because of the borderless nature of e-commerce, merchandises sold at the Group's e-commerce platform are ordered and delivered to customers across the PRC. In addition, the Group is also expanding its physical store network to the third to sixth-tier cities. The logistics and warehousing services referred to in 2022 Logistics Services Agreement, the First 2022 Warehouse Services Agreement and the Second 2022 Warehouse Services Agreement will provide the storage and the delivery (irrespective of the source of supply) of merchandises sold by the Group to the end customers of GOME Fun (the Group's e-commerce platform) and physical stores. Once a customer has made a purchase from the Company's e-commerce platform or physical store, the Company's e-commerce platform or physical store would need to store and deliver the goods to the customer in accordance with the customer's instructions and in the most efficient manner. In some regions, the Group or GOME Fun does not have its own logistics and storage facilities/capabilities and therefore would need to outsource such logistics and storage services in such regions to separate service providers/contractors. The said logistics and storage services could be provided by independent service providers/contractors or the Group or the Parent Group. However, given that the Group operates the leading electrical appliances and consumer electronics products store network in the PRC, and the Parent Group possesses pre-existing logistics and warehousing facilities, the Company considers that it would be one of the distinct competitive advantages of the Group to be able to leverage on the extensive geographical network of the Group and the Parent Group to provide the logistics and storage services to the end customers of the Group, which would enable the end customers to enjoy faster delivery of their purchases and enhance their purchase experience with the Group.

In addition to the delivery to end customers, the logistics and warehousing services also provide intra-Group logistics covering deliveries between warehouses, between stores and deliveries from warehouses to stores, etc. The logistics and warehousing services serve as a separate and independent business support services to the Group's e-commerce and physical store business and are essential to the overall operation and development of the Group's business.

## **Property development management services**

The Group owns properties in certain regions such as Guangzhou, Xi'an, Tianjin, Shenyang and Shanghai which are intended to be developed into property complex comprising office buildings, stores, warehouses and logistics centers. The Group lacks the technical expertise and knowledge to manage the development of such property projects and would need to outsource such tasks. As GOME Holding is experienced in managing the development of similar projects, in particular in projects relating to retailing and distribution of electrical appliances, consumer electronics products and general merchandise, the 2022 Property Development Management Service Agreement was entered into to enable the Group to engage GOME Holding to provide property development management services to those property projects being developed by the Group.

## **General services**

With the Group's strategic transformation, in order to improve operating efficiency and expand its business scale, the Group aims to empower the Group and promote commodity trading by utilising the relevant resources, services and other support of GOME Fun and other sharing and joint development platform companies, so as to enhance the Group's brand influence and improve its sales and profitability. Therefore, the Group enters into the First 2022 Service Agreement pursuant to which, GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) to GOME Appliance or any member of the Group pursuant to their requests from time to time.

Also, as the businesses of GOME Holding cover home decoration, home furnishing, logistics and warehousing, supply of wine, etc., and some of which are rapidly expanding, the rich experiences of GOME Appliance, GOME Fun and other members of the Group in online and offline operation and sales can provide various support (including store opening, marketing, system services, etc.) to GOME Holding to promote the relevant transactions, expand the business scale and enhance its reputation. Therefore, the Group enters into the Second 2022 Service Agreement pursuant to which, GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide services (including technical services, platform services and inbound marketing services) to GOME Holding or any member of the Parent Group pursuant to their requests from time to time.

## **Offline display services**

Offline platform is the platform on which the Group displays its products and provides life services. As the Group transforms into an all-round retail eco-system sharing platform, in order to provide its customers with shopping experiences of better quality and high cost performance, the offline platforms will integrate with GOME Fun whereby all online products will be displayed on offline platforms so as to give family users an online and offline full-scene shopping experience. Therefore, the Group enters into the First 2022 Offline Display Services Agreement and Second 2022 Offline Display Services Agreement pursuant to which, GOME Holding and GOME Fun agreed to, and will procure any member of the Parent Group to, provide offline display services to GOME Appliance or any member of the Group pursuant to their requests from time to time, and GOME Appliance and GOME Fun agreed to, and will procure any member of the Group to, provide services (including technical services, platform services and inbound marketing services) to GOME Holding or any member of the Parent Group pursuant to their requests from time to time.

## **After sale services**

After sale services is indispensable in all aspects of retail business. As the Group undergoes strategic transformation and business expansion, the Group targets to continually provide customers with high-quality and convenient service experiences. Therefore, to supplement GOME Fun's after sale services, the Group enters into the 2022 After Sale Services Agreement pursuant to which, GOME Appliance agreed to, and will procure any member of the Group to, provide after sale and installation services to GOME Fun or any member of the Parent Group pursuant to their requests from time to time.

## **INFORMATION ON THE PARTIES TO THE 2022 CCT AGREEMENTS**

The Company is a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange.

With a consistent focus on the “Home • Living” strategy and based on the development philosophy from the user-based, platform-based, technology-driven and closed-loop mindsets, the Group further promoted the development of the online platform as well as the offline local lifestyle service platform, supply chain platform, logistic platform and informatisation. Leveraging on marketing with entertainment features, low price, quality service and technology as its core business strategy, the Group strives to meet the all-round consumption and service needs of family users, so that families could enjoy better products and services at lower prices, and have a better quality of life.

GOME Fun is principally engaged in providing online retail services and is owned as to 60% by the Group and as to 40% by the Controlling Shareholder.

GOME Holding is principally engaged in industrial investment, strategic investment and new business investment and is 100% ultimately owned by the Controlling Shareholder.

## **LISTING RULES IMPLICATIONS**

As (i) GOME Holding is owned by the Controlling Shareholder and is a connected person of the Company, and (ii) GOME Fun is owned as to 60% by the Group and 40% by the Controlling Shareholder, GOME Fun is an associate of the Controlling Shareholder and a connected subsidiary of the Company, transactions between the Group and each of GOME Holding and GOME Fun constitute connected transactions for the Company.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the annual caps for the (i) 2022 Logistics Services Agreement, (ii) First 2022 Warehouse Services Agreement, (iii) Second 2022 Warehouse Services Agreement, (iv) 2022 Property Development Management Services Agreement and (v) 2022 After Sale Services Agreement, on an annual basis, are expected to be more than 0.1% but all of which are less than 5%, the transactions contemplated under these agreements will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (other than profits ratio) in respect of the annual caps under each of the (i) 2022 Master Merchandise Purchase Agreement, (ii) 2022 Master Merchandise Supply Agreement, (iii) First 2022 Services Agreement, (iv) Second 2022 Services Agreement, (v) First 2022 Offline Display Services Agreement and (vi) Second 2022 Offline Display Services Agreement (i.e. the Relevant CCT Agreements) are respectively expected to exceed 5% on an annual basis, the transactions contemplated under these agreements will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The Company will convene and hold the SGM for the purpose of, among other things, considering and if thought fit, approving the Relevant CCT Agreements and the transactions contemplated thereunder (including the annual caps).

Voting at the SGM will be conducted by way of poll. The Controlling Shareholder and his associates shall abstain from voting on the proposed resolutions to approve the Relevant CCT Agreements and the transactions contemplated thereunder at the SGM. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Relevant CCT Agreements. Opus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Relevant CCT Agreements, (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendations from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the SGM is expected to be dispatched to the Shareholders on or about 16 December 2021.

## **BOARD APPROVAL**

At the Board meeting held to approve the 2022 CCT Agreements, each of Mr. Zou Xiao Chun (who is a Director originally nominated in 2010 by the Controlling Shareholder's associate), Ms. Huang Xiu Hong (who is the sister of the Controlling Shareholder) and Mr. Yu Sing Wong (who holds senior management roles in various companies controlled by the Controlling Shareholder and/or its associate), is considered to be interested in the transactions contemplated under the 2022 CCT Agreements, and have abstained from voting at the Board meeting in respect of the resolutions proposed to approve such agreements. Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

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

“2019 CCT Agreements”	the 2019 Master Merchandise Purchase Agreement, the 2019 Master Merchandise Supply Agreement, the 2019 Logistics Services Agreement, the First 2019 Warehouse Services Agreement, the Second 2019 Warehouse Services Agreement and the 2019 Property Development Management Services Agreement;
“2019 Logistics Services Agreement”	the agreement dated 12 November 2018 between GOME Appliance, Meixin Network and GOME Holding for the provision of logistics services (including delivery of general merchandise to end customers) by GOME Holding or the Parent Group to GOME Appliance or the Group (including Meixin Network);
“2019 Master Merchandise Purchase Agreement”	the agreement dated 12 November 2018 between GOME Appliance and Meixin Network in relation to the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by Meixin Network to the Group;
“2019 Master Merchandise Supply Agreement”	the agreement dated 12 November 2018 between GOME Appliance and Meixin Network in relation to the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by the Group to Meixin Network or its subsidiaries or affiliates;
“2019 Property Development Management Services Agreement”	the framework agreement dated 12 November 2018 between GOME Appliance and GOME Holding for the provision of property development management services by GOME Holding or the Parent Group to the Group;
“2022 After Sale Services Agreement”	the agreement dated 26 November 2021 between GOME Appliance and GOME Fun for the provision of after sale and installation services by the Group to GOME Fun or the Parent Group;
“2022 CCT Agreements”	the (i) 2022 Master Merchandise Purchase Agreement, (ii) 2022 Master Merchandise Supply Agreement, (iii) 2022 Logistics Services Agreement, (iv) First 2022 Warehouse Services Agreement, (v) Second 2022 Warehouse Services Agreement, (vi) 2022 Property Development Management Services Agreement, (vii) First 2022 Services Agreement, (viii) Second 2022 Services Agreement, (ix) First 2022 Offline Display Services Agreement, (x) Second 2022 Offline Display Services Agreement, and (xi) 2022 After Sale Services Agreement;



“2022 Logistics Services Agreement”	the agreement dated 26 November 2021 between GOME Appliance, GOME Fun and GOME Holding for the provision of logistics services (including delivery of general merchandise to end customers) by GOME Holding or the Parent Group to GOME Fun or the Group;
“2022 Master Merchandise Purchase Agreement”	the agreement dated 26 November 2021 between GOME Appliance and GOME Fun in relation to the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by GOME Fun or the Parent Group to the Group;
“2022 Master Merchandise Supply Agreement”	the agreement dated 26 November 2021 between GOME Appliance and GOME Fun in relation to the supply of general merchandise (including but not limited to electrical appliances and consumer electronics products) by the Group to GOME Fun or the Parent Group;
“2022 Property Development Management Services Agreement”	the framework agreement dated 26 November 2021 between GOME Appliance and GOME Holding for the provision of property development management services by GOME Holding or the Parent Group to the Group;
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“Board”	the board of Directors;
“Company”	GOME Retail Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange (stock code: 493);
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules;
“Controlling Shareholder”	Mr. Wong Kwong Yu (黃光裕先生), the controlling shareholder of the Company, who holds approximately 61.50% of the issued share capital of the Company as at the date of this announcement;
“Director(s)”	the director(s) of the Company;
“First 2019 Warehouse Services Agreement”	the agreement dated 12 November 2018 between GOME Appliance and Meixin Network for the provision of warehousing services by the Group to Meixin Network or its subsidiaries or affiliates;
“First 2022 Offline Display Services Agreement”	the agreement dated 26 November 2021 between GOME Holding, GOME Fun and GOME Appliance for the provision of offline display services by GOME Holding, GOME Fun or the Parent Group to the Group;



“First 2022 Services Agreement”	the agreement dated 26 November 2021 between GOME Holding, GOME Fun and GOME Appliance for the provision of services (including technical services, platform services, software services, supply chain member services, value-added services, inbound marketing services and agent operation services) by GOME Holding, GOME Fun or the Parent Group to the Group;
“First 2022 Warehouse Services Agreement”	the agreement dated 26 November 2021 between GOME Appliance and GOME Fun for the provision of warehousing services by the Group to GOME Fun or the Parent Group;
“GOME Appliance”	國美電器有限公司 (GOME Appliance Company Limited*), a wholly-owned subsidiary of the Company;
“GOME Fun”	國美真快樂電子商務有限公司 (GOME Fun E-Commerce Co., Ltd.*), a company incorporated in the PRC with limited liability, a 60% non-wholly-owned subsidiary of the Group;
“GOME Holding”	國美控股集團有限公司 (GOME Holding Group Company Limited*), a company established in the PRC, which is owned by the Controlling Shareholder;
“GOME Management”	GOME Management Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the Controlling Shareholder;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Relevant CCT Agreements and the relevant annual caps in relation to the continuing connected transactions thereunder;
“Independent Financial Adviser” or “Opus”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Relevant CCT Agreements and the relevant annual caps in relation thereto;
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the SGM for the relevant resolutions with respect to the Relevant CCT Agreements;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Meixin Network”	美信網絡技術有限公司 (Meixin Network Technology Company Limited*), a company incorporated in the PRC with limited liability (together with its subsidiaries (if any)), a 60% non-wholly owned subsidiary of the Group;
“Parent Group”	a group of companies (other than the Group) controlled or more than 50% owned by the Controlling Shareholder;
“percentage ratio”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“PRC”	the People’s Republic of China (for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Relevant CCT Agreements”	refers to the (i) 2022 Master Merchandise Purchase Agreement, (ii) 2022 Master Merchandise Supply Agreement, (iii) First 2022 Services Agreement, (iv) Second 2022 Services Agreement, (v) First 2022 Offline Display Services Agreement and (vi) Second 2022 Offline Display Services Agreement, collectively;
“Second 2019 Warehouse Services Agreement”	the agreement dated 12 November 2018 between GOME Appliance, Meixin Network and GOME Holding for the provision of warehousing services by GOME Holding or the Parent Group to GOME Appliance or the Group (including Meixin Network);
“Second 2022 Offline Display Services Agreement”	the agreement dated 26 November 2021 between GOME Appliance, GOME Fun and GOME Holding for the provision of offline display services by the Group or GOME Fun to GOME Holding or the Parent Group;
“Second 2022 Services Agreement”	the agreement dated 26 November 2021 between GOME Appliance, GOME Fun and GOME Holding for the provision of services (including technical services, platform services and inbound marketing services) by the Group or GOME Fun to GOME Holding or the Parent Group;
“Second 2022 Warehouse Services Agreement”	the agreement dated 26 November 2021 between GOME Holding, GOME Fun and GOME Appliance for the provision of warehousing services by GOME Holding or the Parent Group to GOME Fun or the Group;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“SGM”	the special general meeting of the Company to be convened to approve the Relevant CCT Agreements;
“Shareholders”	shareholders of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**GOME Retail Holdings Limited**  
**Zhang Da Zhong**  
*Chairman*

Hong Kong, 26 November 2021

*As at the date of this announcement, the Board comprises Mr. Zou Xiao Chun as executive director, Mr. Zhang Da Zhong, Ms. Huang Xiu Hong and Mr. Yu Sing Wong as non-executive directors, and Mr. Lee Kong Wai, Conway, Ms. Liu Hong Yu and Mr. Wang Gao as independent non-executive directors.*

\* *For identification purpose only.*