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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)**

### **SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of GOME Retail Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 26 November 2021 (the “**Announcement**”) and the circular of the Company dated 7 January 2022. Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meaning as those used in the Announcement. This announcement provides further information about the transactions contemplated under the First 2022 Warehouse Services Agreement, Second 2022 Warehouse Services Agreement, 2022 Property Development Management Services Agreement and 2022 After Sale Services Agreement.

#### **(1) Basis for determining the annual caps of the First 2022 Warehouse Services Agreement**

There is a close connection between the estimated transaction amounts under the Master Merchandise Supply Agreement and the estimated transaction amounts under the First 2022 Warehouse Services Agreement. As the volume of merchandise expected to be supplied by the Group increases, the need for warehousing services by GOME Fun or members of the Parent Group will also increase because extra storage spaces will be required to store such merchandises. Based on historical trend and experience, the Company has adopted approximately 1.5% of the annual caps under the Master Merchandise Supply Agreement as a starting point when determining the proposed annual caps for the First 2022 Warehouse Services Agreement, taking into account certain buffer for the increase in potential demands.

When determining the annual caps under the First 2022 Warehouse Services Agreement, the Company has also taken into account (i) the warehousing services fee to be charged, which is expected to be approximately 1.5%-1.7% on the basis of the turnover of GOME Fun or the relevant member of the Parent Group (as the case may be) which receives the warehousing services; and (ii) the maximum capacity of which the Group could provide warehousing services to GOME Fun or members of the Parent Group.

**(2) Basis for determining the annual caps of the Second 2022 Warehouse Services Agreement**

There is a close connection between the estimated transaction amounts under the Master Merchandise Purchase Agreement and the estimated transaction amounts under the Second 2022 Warehouse Services Agreement. As the volume of merchandise expected to be purchased by the Group increases, the need for warehousing services by the Group will also increase because extra storage spaces will be required to store such merchandises. Based on historical trend and experience, the Company has adopted approximately 1.5% of the annual caps under the Master Merchandise Purchase Agreement as a starting point when determining the proposed annual caps for the Second 2022 Warehouse Services Agreement, taking into account certain buffer for the increase in potential demands.

When determining the annual caps under the Second 2022 Warehouse Services Agreement, the Company has also taken into account (i) the warehousing services fee to be charged, which is expected to be approximately 1.5%-1.7% on the basis of the turnover of GOME Appliance, GOME Fun or the relevant member of the Group (as the case may be) which receives the warehousing services; and (ii) the maximum capacity of which GOME Holding or the Parent Group could provide warehousing services to the Group.

**(3) Basis of determining the annual caps of the 2022 Property Development Management Services Agreement**

The property development management services contemplated under the 2022 Property Development Management Services Agreement comprise mainly two categories: agent construction services and property management services.

In relation to agent construction services, the annual caps were determined after taking into account the agent construction service fee to be charged which is estimated to be approximately 3%-5% on the basis of the total construction cost of existing and future development plans and projects of approximately RMB6-10 billion. Among which, existing projects include (a) the proposed development of a largescale multi-scenario offline complex for business development purposes in Xi'An (as disclosed in the Company's announcement dated 30 October 2020), (b) the property development project located at Pazhou District (as disclosed in the Company's announcement dated 13 September 2018), and (c) the development of a centralized logistics facility in the Beijing-Tianjin area (as disclosed in the Company's announcement dated 3 April 2018). All of the aforesaid projects are still under construction and have not been completed. Whereas, for potential future projects, it has taken into consideration projects in cooperation with the local PRC government, the investment contribution of which will not be entirely funded by the Group. The increase in the annual caps for the three years ending 31 December 2024 is mainly attributable to such potential future projects.

In relation to property management services, the annual caps were determined after taking into account the monthly service fee to be charged which is expected to be approximately RMB40-50 per square meter (for office buildings) and approximately RMB60 per square meter (for commercial malls).

#### **(4) Basis of determining the annual caps of the 2022 After Sale Services Agreement**

The after sale and installation services contemplated under the 2022 After Sale Services Agreement include repair and maintenance services, cleaning services, parts replacement and extended warranty services to be provided after the supply of bulky home appliances. Therefore, when determining the annual caps under the 2022 After Sale Services Agreement, the Company has taken into account the after sale services fee to be charged, which is expected to be approximately 1.5%-2% on the basis of the turnover of bulky home appliances (the total sales target of which is approximately RMB20 billion for the year ending 31 December 2022) of GOME Fun or the relevant member of the Parent Group (as the case may be) which receives the after sale services.

#### **Internal control policy for continuing connected transactions**

It is mentioned in the Announcement that if there is no quotations or information to determine the prevailing market price, the Group will determine the prevailing market rate by reference to the average price of similar products previously purchased/supplied by the Group. In light of the different nature of the products purchased/supplied by the Group, when calculating such average prices for reference, the Group will select products which are similar in nature, including their specifications, positionings and target customers, in order to ensure the pricing mechanism is fair and reasonable.

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

Hong Kong, 10 February 2022

*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.*