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## GOME ELECTRICAL APPLIANCES HOLDING LIMITED

國美電器控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

### FURTHER ANNOUNCEMENT IN RELATION TO CONNECTED TRANSACTION

Reference is made to the announcement of GOME Electrical Appliances Holding Limited (the “**Company**”) dated 23 January 2017 (the “**Announcement**”) in relation to the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As set out in the Announcement, the consideration for the Acquisition was arrived at after taking into account of, among other things, (i) the gross merchandise volume (GMV) generated by the Target Company in 2016, (ii) the number of existing customers of the Target Company, (iii) the business prospects of the Target Company, and (iv) an asset valuation report on the Target Company (the “**Valuation Report**”).

The Valuation Report was prepared by 北京立信東華資產評估有限公司 (Beijing Lixin Donghua Assets Appraisal Co., Ltd.) (the “**Independent Valuer**”), an independent third party valuer, using both the income approach (收益法) and the asset-based approach (資產基礎法). The asset-based approach was based on the book value of the Target Company and the income approach was based on the projected earnings of the Target Company. The Valuation Report used 31 December 2016 as the valuation date and provided a value attributable to shareholders of approximately RMB1,519 million.

Notwithstanding the Valuation Report was only used by the Company as a reference tool and was not the primary factor for determining the consideration, the Valuation Report, which used the income approach as one of the methods in determining the value of the Target Company is considered to be a profit forecast under Rule 14.61 of the Listing Rules. This announcement is issued by the Company pursuant to Rule 14.60A and Rule 14.62 of the Listing Rules.

#### **Assumptions of valuation**

The principal assumptions used in the Valuation Report are as follows:

##### **(1) Basic assumptions**

- (a) Transactional assumption: The appraised assets are in the course of transaction and the valuation is based on a simulated market, including the terms of transaction of the appraised assets.

- (b) Open market assumption: The appraised assets can be traded openly in the market.
- (c) Continuing operation assumption: The entity being appraised will continue its operations after the date of the issue of the Valuation Report.

**(2) *Special assumptions and restrictive conditions***

- (a) There expects to be no material changes in the relevant current national laws, regulations and policies and national macroeconomic conditions; there expects to be no material changes in the political, economic and social environment which the parties operate; and there will be no other unpredictable and force majeure factors;
- (b) There will be no material changes in the bank's interest rates, taxation policies and tax rates, and administrative levies;
- (c) The operator of the Target Company is responsible and the management of the Target Company has the ability to discharge its duties;
- (d) Unless otherwise disclosed, the Target Company has been in compliance with all applicable laws and regulations and there does not exist any material breach in laws and regulations that would adversely affect the development and earnings of the Target Company;
- (e) There will be no material changes in the Target Company's accounting policies from the date of the issue of the Valuation Report;
- (f) The Valuation Report was prepared on the basis of the appraised assets were legally owned by their owners.
- (g) The National Enterprise Credit Information System will be launched in accordance with its planned schedule and produce income;
- (h) The cash flow of the Target Company is being generated at the end of each year; and
- (i) All asset title certificates, financial reports, accounting records, assets list and other information provided by the Target Company for the purpose of the valuation were true, legitimate, complete and trustworthy and there does not exist any documents that ought to be provided but not provided, and there are no matters of deficiency, whether contingent or actual, that may affect the valuation not known to the Independent Valuer after it has completed its valuation procedures.

**Confirmations**

Da Hua Certified Public Accountants (“**Da Hua**”), acting as the Company's reporting accountants for the Acquisition, has examined the calculations of the discounted future estimated cash flows on which the income approach adopted in the Valuation Report were based.

Da Hua has reported to the Directors in respect of the arithmetical accuracy of the calculations of and whether the discounted future estimated cash flows in connection with the valuation of the Target Company prepared by the Independent Valuer as set out in the Valuation Report so far as the calculations are concerned, have been properly compiled with the assumptions described above (the “**Accountant Report**”). The Directors have reviewed the bases and assumptions based upon which the valuation of the Target Company was prepared by the Independent Valuer. The Directors have also considered the Accountant Report. On the basis of the foregoing, the Directors confirm that they are satisfied that the valuations of the Target Company prepared by the Independent Valuer in the Valuation Report have been made after due and careful enquiry.

A letter from Da Hua and a letter from the Directors have been submitted to the Stock Exchange in compliance with Rules 14.62(2) and 14.62(3) of the Listing Rules. The texts of these letters are included in Appendix I and Appendix II to this announcement, respectively.

### **Experts and consents**

The qualifications of the experts who have given their statements in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
Da Hua Certified Public Accountants	Certified Public Accountants
北京立信東華資產評估有限公司 (Beijing Lixin Donghua Assets Appraisal Co., Ltd.)	Independent professional valuer

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer and Da Hua is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Independent Valuer nor Da Hua has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Independent Valuer and Da Hua has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

By order of the Board  
**GOME Electrical Appliances Holding Limited**  
**Zhang Da Zhong**  
*Chairman*

Hong Kong, 23 March 2017

*As at the date of this announcement, the Board of the Company 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, Mr. Ng Wai Hung, Ms. Liu Hong Yu and Mr. Wang Gao as independent non-executive directors.*

\* *For identification purpose only.*

**Specific Report  
on Calculations of Discounted Future Estimated Cash Flows  
in connection with the Business Valuation of Equity Interest in  
Meixin Network Technology Company Limited**

**D.H.H.Z [2017] NO. 001296**

**To the Board of Directors of GOME Electrical Appliances Holding Limited:**

We have checked the arithmetical accuracy of the calculation of the discounted future estimated cash flows, based on which 北京立信東華資產評估有限公司 (Beijing Lixin Donghua Assets Appraisal Co., Ltd.) conducted a valuation dated 10 January 2017 (the “**Valuation**”) on all the shareholders’ equities in 美信網絡技術有限公司 (Meixin Network Technology Company Limited) (the “**Target Company**”). The Valuation on discounted future estimated cash flows is regarded as a profit forecast under the Rule 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and will be included in the announcement dated 23 March 2017 (the “**Announcement**”) to be issued by GOME Electrical Appliances Holding Limited (the “**Company**”) in connection with the acquisition of 60% of the registered capital of the Target Company.

**1. Directors’ responsibility for the discounted future estimated cash flows**

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**2. Reporting accountants’ responsibility**

It is our responsibility to draw a conclusion, based on our work on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation are based and our work does not constitute any valuation of the Target Company. The Valuation does not involve the adoption of accounting policies. The Assumptions used in the preparation of the Valuation include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. We have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and thus express no opinion whatsoever thereon. Our work is more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We also accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

### **3. Basis of conclusion**

We conducted our work in accordance with 《China Standards on Other Assurance Engagements No.3111 – The Examination of Prospective Financial Information》(《中國註冊會計師其他鑒證業務準則第3111號 – 預測性財務信息的審核》). Our work consisted primarily of checking the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based which is prepared based on the Assumptions made by the Directors. Our work has been undertaken solely to assist the Directors in evaluating whether the discounted future estimated cash flows on which the Valuation is based, so far as the arithmetical accuracy of the calculations is concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

### **4. Conclusion**

Based on the foregoing, nothing has come to our attention that causes us to believe that the discounted future estimated cash flows, so far as the calculations are concerned, have not been properly compiled, in all material respects, in accordance with the Assumptions.

Da Hua Certified Public Accountants  
(Special General Partnership)

Certified Public Accountant:

CHINA · BEIJING

Certified Public Accountant:

23rd March 2017



**GOME ELECTRICAL APPLIANCES HOLDING LIMITED**

**國美電器控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 493)**

23 March 2017

The Listing Division  
The Stock Exchange of Hong Kong Limited  
11/F, One International Finance Centre  
1 Harbour View Street  
Hong Kong

Dear Sirs,

We refer to the valuation report dated 10 January 2017 prepared by 北京立信東華資產評估有限公司 (Beijing Lixin Donghua Assets Appraisal Co., Ltd.), the independent valuer (the “**Independent Valuer**”) in relation to the valuation of the Target Company which valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 23 January 2017 shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of the Target Company was prepared by the Independent Valuer, for which valuation the Independent Valuer is solely responsible. We have also considered the report from Da Hua Certified Public Accountants, the reporting accountants in relation to the Acquisition, confirming that, so far as the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the valuation is based and concerned, the discounted future estimated cash flows has been properly compiled, in all material respects, in accordance with the respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuations prepared by Independent Valuer have been made after due and careful enquires.

By order of the Board  
**GOME Electrical Appliances Holding Limited**  
**Zhang Da Zhong**  
*Chairman*

\* For identification purpose only.