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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)

EXEMPTED CONNECTED TRANSACTION

SUBSCRIPTION OF CONVERTIBLE BOND

Financial adviser to the Company



THE CONVERTIBLE BOND INVESTMENT AGREEMENT

On 26 November 2021, the Subscriber, an indirect wholly owned subsidiary of the Company, the Issuer, GOME Warehouse and Anxun Logistics entered into the Convertible Bond Investment Agreement, pursuant to which the Subscriber agreed to subscribe for the Bond at an interest rate of 5% per annum for a term of 5 years with an option to extend for an additional period of 2 years subject to mutual agreement between the Subscriber and the Issuer. During the term of the Bond, the Subscriber has the discretion to exercise the Option.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong indirectly owns approximately 80.5% of the entire equity interests of the Issuer through Rocket Gain and Beijing Wanshengyuan. The Issuer is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Issuer is a connected person of the Company under Chapter 14A of the Listing Rules. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceed 0.1% and all of them are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE CONVERTIBLE BOND INVESTMENT AGREEMENT

On 26 November 2021, the Subscriber, an indirect wholly owned subsidiary of the Company, the Issuer, GOME Warehouse and Anxun Logistics entered into the Convertible Bond Investment Agreement.

The key terms of the Convertible Bond Investment Agreement are set out as follows:

Principal amount of the Bond

The principal amount of the Bond is RMB900,000,000.

Interest

The interest rate of the Bond is 5% per annum, which is determined after arm's length negotiation between the Subscriber and the Issuer with reference to the prevailing interest rate of comparable transactions offered by independent commercial banks in the PRC.

Interests shall be payable to the Subscriber within 30 business days of the beginning of each calendar year and on the Maturity Date.

Maturity Date

The Issuer shall redeem the Bond (together with all the accrued interests) in full on or before the Maturity Date. The Bond can be extended for an additional period of 2 years subject to mutual agreement between the Subscriber and the Issuer.

No Security

The Bond is unsecured.

Proceeds of the Bond

The proceeds of the Bond will be used for the purpose of the general working capital and other legitimate purposes of the Issuer.

The Option

Pursuant to the Convertible Bond Investment Agreement, the Subscriber has the discretion to exercise the Option during the term of the Bond.

Upon completion of the exercise of the Option, the Issuer will be directly held as to 69.13% by Rocket Gain, 30.00% by the Subscriber and 0.87% by Beijing Wanshengyuan; and the Issuer will be accounted as an associated company of the Company.

Early Redemption

The Issuer shall have the right to early redeem the outstanding balance of the Bond together with the interests accrued at any time after the third anniversary of the Issue Date subject to the Option not having been exercised.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction will generate a steady stream of interest income to the Group, which will increase its profitability. The Transaction will be funded by internal resources of the Group.

In addition, the Option would enable the Subscriber to acquire further equity interests in the Issuer timely in future, which in turn owns Anxun Logistics. Anxun Logistics is a nationwide integrated logistics service provider covering 31 provincial-level administrative regions and having good development prospects.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Convertible Bond Investment Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

At the Board meeting held to approve the Convertible Bond Investment Agreement, each of Mr. Zou Xiao Chun (who is a Director originally nominated in 2010 by Mr. Wong's associate), Ms. Huang Xiu Hong (who is the sister of Mr. Wong) and Mr. Yu Sing Wong (who holds senior management roles in various companies controlled by Mr. Wong and/or its associate) is considered to be interested in the transactions contemplated under the Convertible Bond Investment Agreement, and has abstained from voting at the Board meeting in respect of the relevant resolution. Save for Mr. Zou Xiao Chun, Ms. Huang Xiu Hong and Mr. Yu Sing Wong, none of the other Directors was required to abstain from voting on the relevant Board resolution.

INFORMATION ON THE PARTIES

The Issuer

The Issuer is a limited liability company established in the PRC, and is principally engaged in investment holding. The Issuer owns the entire equity interests of GOME Warehouse, which in turn holds the entire equity interests in Anxun Logistics. As at the date of this announcement, the Issuer is owned as to 79.50% by Rocket Gain, 19.50% by the Subscriber and 1.00% by Beijing Wanshengyuan.

Set out below is the audited consolidated financial information of the Issuer for the two financial years ended 31 December 2019 and 2020 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December	
	2020 (audited)	2019 (audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	30,903.72	63,770.26
Net profit after tax	25,496.10	55,648.86

As at 30 June 2021, the unaudited consolidated net assets value of the Issuer was approximately RMB373.71 million.

GOME Warehouse

GOME Warehouse is a limited liability company established in the PRC, and is an investment holding company.

Anxun Logistics

Anxun Logistics is a limited liability company established in the PRC and has 14 wholly-owned subsidiaries and is a nationwide integrated logistics service provider. Its main business is warehouse management, trunk transportation, integrated home delivery and installation, and after-sales services. It is a leading domestic supply chain service expert, providing customers with one-stop integrated logistics solutions for large household appliances, home decoration, household products, sports equipment, 3C, FMCG, etc. Anxun Logistics' services covers 31 provincial-level administrative regions, more than 700 prefecture-level cities and more than 2,800 districts and counties, and has complete distribution network for more than 42,000 fourth-tier townships across the country.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

The Company

The Company is a company incorporated in Bermuda with limited liability, 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.

The Subscriber

The Subscriber is a limited liability company established in the PRC, and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of information technology consulting.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong indirectly owns approximately 80.5% of the entire equity interests of the Issuer through Rocket Gain and Beijing Wanshengyuan. The Issuer is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Issuer is a connected person of the Company under Chapter 14A of the Listing Rules. The Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceed 0.1% and all of them are less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

The following words and phrases used in this announcement shall have the following meanings, unless the context otherwise requires:

“Anxun Logistics”	安迅物流有限公司(Anxun Logistics Co., Ltd.*), a limited liability company established in the PRC, and is a direct wholly-owned subsidiary of the GOME Warehouse;
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules;
“Beijing Wanshengyuan”	北京萬盛源物業管理有限責任公司(Beijing Wanshengyuan Property Management Co., Ltd.*), a limited liability company established in the PRC, and is wholly-owned by Mr. Wong;
“Board”	board of Directors;
“Bond”	the bond in the principal amount of RMB900,000,000 issued by the Issuer to the Subscriber under the Convertible Bond Investment Agreement;
“Company”	GOME Retail Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 0493);
“connected person”	has the same meaning as ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules;
“Convertible Bond Investment Agreement”	the convertible bond investment agreement dated 26 November 2021 entered into by and among the Subscriber, the Issuer, GOME Warehouse and Anxun Logistics in respect of the Transaction;
“Director(s)”	director(s) of the Company;
“GOME Warehouse”	國美倉儲物流投資有限公司(GOME Warehouse Investment Co., Ltd.*), a limited liability company established in the PRC, and is a direct wholly-owned subsidiary of the Issuer;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Date”	the date on which the Bond is issued by the Issuer;
“Issuer”	北京鵬潤時代物業管理有限責任公司(Beijing Pengrun Times Property Management Company Limited*), a limited liability company established in the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	the maturity date of the Bond, which falls on the fifth anniversary of the Issue Date;
“Mr. Wong”	Mr. Wong Kwong Yu, the controlling shareholder of the Company;
“Option”	the option to subscribe for new registered capital of the Issuer by way of capital increase at the exercise price equivalent to the principal amount of the Bond;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rocket Gain”	Rocket Gain Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by Mr. Wong;
“Share(s)”	the share(s) of HK\$0.025 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the issued Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	寧波鵬信興宇信息技術有限公司(Ningbo Pengxin Xingyu Information Technology Co., Ltd.*), a company established in the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company;
“Transaction”	the subscription of the Bond by the Subscriber and the potential exercise of the Option pursuant to the terms of the Convertible Bond Investment Agreement; and
“%”	per cent.

By order of the Board of
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