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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)

CONNECTED TRANSACTION

THE ACQUISITION

On 30 October 2020, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor under which the Purchaser has conditionally agreed to purchase the Property from the Vendor at the aggregate consideration of approximately RMB410 million.

The Property is a commercial property project under development in Xi'An, the PRC. The Company intends to use the Property as a large-scale multi-scenario display complex.

LISTING RULES IMPLICATIONS

The Vendor is a company which is beneficially owned by the Controlling Shareholder. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

Date:

30 October 2020

Parties:

- (1) 西安鵬潤置業有限公司 (Xi'An Pengrun Property Co. Ltd.*), as vendor. The Vendor is a company established in the PRC which is principally engaged in the property development business. As at the date of this announcement, the Vendor is beneficially owned by the Controlling Shareholder. Accordingly, the Vendor is an associate of a connected person of the Company for the purpose of the Listing Rules.
- (2) 西安鵬安物業有限公司 (Xi'An Peng'an Property Co., Ltd.*), as purchaser. The Purchaser is a wholly-owned subsidiary of the Company which is principally engaged in property management in the PRC.

Subject matter

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property.

Consideration

The aggregate consideration for the Acquisition is approximately RMB410 million. The consideration was determined by the parties after arm's length negotiations with reference to the appraised value of the Property as at 30 September 2020 as determined by an independent professional property valuer using the market approach.

The consideration will be satisfied by the internal resources of the Group and is payable in accordance with the following schedule:

- (1) the consideration for the superstructure portion of the Property, equivalent to RMB395,000,015, is payable within five business days of the signing of the Agreement; and
- (2) the consideration for the underground car park of the Property, equivalent to RMB15,000,000, is payable within ten business days of (a) the Vendor obtaining the pre-sale/sale registration of the underground car park, and (b) the parties having completed the sale of commodity housing filing for the underground car park.

Delivery of the Property

The Property shall be delivered to the Purchaser on or before 30 September 2021.

INFORMATION ON THE PROPERTY

The Property is part of a commercial development project – Yuexiu City (悦秀城) – located at the central area of the University City of Chang’An District of Xi’An City (西安市長安區大學城) and the project occupies a site area of approximately 44,000 square meters. The Property is currently under development and comprises six floors of retail and office space with gross floor area of approximately 22,080 square meters and two floors of underground car park for 104 vehicles.

The Yuexiu City project is a mix-used development comprising service apartments, offices and trendy shopping and showcases. The project is located at the central area of Chang’An District, a fast developing area of “Greater Xi’An” and is within close proximity of two metro stations of Xi’An.

REASONS FOR THE TRANSACTION

The main business of the Group is the operating and managing of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full-category of online sales network focusing on electronic products in the PRC through self-operated and platform models.

The Group is currently building a digital local retail ecosystem. The offline platform will act as an important platform that encompasses scenario display, user experience, and service provisions, covering home appliances, catering, entertainment, education, and daily life. Through the recreation of the shared business model and the upgrade of the intelligent AI interactive of the stores, the new “Smart Mall” retail format is under building. Focusing on the “Home • Living” concept as the core, it meets the all-round consumption needs of families at different stages for the integration of offline multiple business scenarios.

As a “national central city” approved by the National 13th Five-Year Plan, Xi’An is one of the most active and potential core cities in the western region of the PRC. The Property is located in the center of a rapidly developing area in Xi’An and is suitable for the Group to develop a large-scale multi-scenario offline complex for business development purposes. The Company believes that this transaction will continue to consolidate the Company’s offline network as the contact point to inject more vitality into the entire digital local retail dual platform strategy.

LISTING RULES IMPLICATIONS

The Vendor is a company which is beneficially owned by the Controlling Shareholder of the Company. Accordingly, the Vendor is an associate of a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements and exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

GENERAL

At the Board meeting held to approve the Acquisition, each of Mr. Zou Xiao Chun, Ms. Huang Xiu Hong and Mr. Yu Sing Wong is considered to be interested in the transaction contemplated under the Acquisition and have abstained from voting at the Board meeting in respect of the resolutions proposed to approve the Agreement. Save for Mr. Zou Xiao Chun, Ms. Huang Xiu Hong and Mr. Yu Sing Wong who have abstained from voting for the resolutions because of their interests in the transaction, the Board, including all the independent non-executive Directors, have unanimously voted in favour of the resolutions proposed to approve the Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Property by the Purchaser;
“Agreement”	the sale and purchase agreement dated 30 October 2020 between the Vendor and the Purchaser;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“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);
“Controlling Shareholder”	Mr. Wong Kwong Yu (黃光裕先生), the controlling shareholder of the Company, who as at the date of this announcement was interested in approximately 50.26% of the issued share capital of the Company;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratio”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“PRC”	the People’s Republic of China;
“Property”	a commercial development project located at the Chang’An district of Xi’An, the PRC;
“Purchaser”	西安鵬安物業有限公司 (Xi’An Pengan Property Co., Ltd.*), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;

“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	西安鵬潤置業有限公司 (Xi’An Pengrun Property Co., Ltd.*) a limited liability company established in the PRC.

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

Hong Kong, 30 October 2020

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*