

TARGET

Intelligence Report

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T U E S D A Y

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GOME RETAIL HOLDINGS LTD: LOSSES, LOSSES, AND MORE LOSSES

The Company's Gearing Ratio Was 90 Percent-Plus, As At December 31, 2020

For the Financial Year, ended December 31, 2020, GOME Retail Holdings Ltd (國美零售控股有限公司) (Code: 493, Main Board, The Stock Exchange of Hongkong Ltd) produced a Net Loss Attributable to Shareholders of renminbi (RMB) 6,993,816,000.00.

It was the largest, single Net Loss Attributable to Shareholders in respect of the past four Financial Years.

For the four Financial Years, ended December 31, 2020, the Net Losses Attributable to Shareholders of GOME Retail Holdings Ltd aggregated RMB14,920,432,000.00.

The Net Assets (Shareholders' Funds) of GOME Retail Holdings Ltd, with regard to the five Financial Years, ended December 31, 2020, had fallen to their lowest historical level of RMB1,267,646,000.

As at December 31, 2016, Shareholders' Funds were reported as being RMB20,975,227,000.

At Page Two of the 2020 Annual Report of GOME Retail Holdings Ltd, it was stated that the Company had been listed on the premier equity market of The Stock Exchange of Hongkong Ltd since July of 2004.

However, according to the records of The Hongkong Exchanges and Clearing Ltd, it was stated that GOME Retail Holdings Ltd was listed on the Main Board of The Stock Exchange of Hongkong Ltd on April 15, 1992, when the Company was, then, known as GOME Electrical Appliances Holding Ltd (國美電器控股有限公司).

The Business Of GOME Retail Holdings Ltd

Be that as it may, GOME Retail Holdings Ltd, today, is said to be in the business of providing *'a full range of local daily living products and services, including home appliances, food and beverage, clothing, shoes and bags, home furnishings, daily necessities, maternal and infant goods, cosmetic and personal care products, and provides*

comprehensive home services’ in the **People’s Republic of China (PRC)**, excluding the **Hongkong Special Administrative Region (HKSAR)** of the **PRC**.

At Page 15 of the 2020 Annual Report of the Company, one was treated to corporate intelligence in respect of the Company’s business exposure in the PRC, proper, being separate and distinct from the HKSAR of the PRC:

Nationwide Store Network

Flagship Stores	265
Standard Stores	963
Decoration Materials and Home Furnishing In-store Shops	27
County-level Stores	2,060
Supermarket Stores	106
TOTAL	3,421
Net Increase in Store Number	819
Newly Opened Stores	1,373
Closed Stores	554
Number of Cities Accessed (in the PRC)	1,298

At Page 78 of the 2020 Annual Report of GOME Retail Holdings Ltd, the Consolidated Statement of Profit or Loss was given, hereby the highlights are presented:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2020	2019	
	All Figures Are Denominated In RMB'000 (unless where otherwise stipulated)		
Revenue	44,119,113	59,482,827	(25.83)
Gross Profit	4,550,384	9,110,548	(50.05)
Gross Profit Margin*	10.31 percent	15.32 percent	(32.70)
Share Of Losses Of Associates	(6,338)	(105,241)	(93.98)
Loss For The Year	(7,203,647)	(2,968,652)	142.66
Net Loss Attributable To Shareholders	(6,993,816)	(2,589,826)	170.05
Loss Per Share Attributable To Shareholders	(RMB34.80 fen) ¹	(RMB12.90 fen)	169.77

¹ A fen is a monetary unit of the PRC, equivalent to one hundredth of an RMB.

* These are **TARGET**’s calculations.

At Pages 80 and 81 of the 2020 Annual Report of GOME Retail Holdings Ltd, under the heading, ‘*Consolidated Statement of Financial Position*’, the following statistics were given:

- a. Cash and Cash Equivalents, as at December 31, 2020:
RMB9,597,200,000.00;
(as at December 31, 2019: RMB8,186,507,000.00), representing an increase, Year-On-Year, of 17.23 percent.
- b. With regard to Net Assets (Shareholders’ Funds), as at December 31, 2020, they stood at RMB1,267,646,000.00;

(as at December 31, 2019: RMB8,161,052,000.00), representing a decrease of about 84.47 percent in the period of one Financial Year.

At Page 169 of the 2020 Annual Report of GOME Retail Holdings Ltd, interest-bearing bank and other borrowings were given in some detail as follows:

	December 31, 2020			December 31, 2019		
	Effective Interest Rate	Maturity		Effective Interest Rate	Maturity	
	(%)		RMB'000	(%)		RMB'000
Current						
Bank Loans - Secured	0.05-7.36	2021	17,337,338	0.05-7.36	2020	13,337,038
Bank Loans - Unsecured	3.05-6.60	2021	3,104,511	4.20-6.09	2020	1,489,983
Other Loans - Secured	6.09-8.35	2021	320,250	6.09-8.35	2020	296,496
Bonds Payable - Unsecured	7.44-7.87	2021	2,548,058	5.08-5.26	2020	3,321,508
Non-Current						
Bank Loans - Secured	4.90-5.39	2022-2034	5,056,087	4.90-5.46	2022-2034	2,655,230
Other Loan - Secured	6.09	2022-2024	85,493	6.09	2021-2024	120,045
Bonds Payable - Unsecured	4.79-8.03	2022-2026	4,475,816	4.79-7.87	2022-2025	5,631,712
SUB-TOTALS			9,617,396			8,406,987

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