

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



GOME RETAIL HOLDINGS LIMITED

國美零售控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

DEBT CAPITALISATION ISSUE OF NEW SHARES UNDER GENERAL MANDATE

On 30 December 2022, the Company entered into the Agreement with the Creditor pursuant to which the Company agreed to capitalise the Debt owed by the Group to the Creditor and the Creditor agreed to subscribe and the Company agreed to issue to the Creditor an aggregate of 4,062,856,000 new Shares at the issue price of HK\$0.1023 per Share.

The Capitalisation Shares represent approximately 11.37% of the existing issued share capital of the Company and approximately 10.21% of the Company's issued share capital as enlarged by the issue of the Capitalisation Shares.

The issue of the Capitalisation Shares is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares.

As the Debt Capitalisation and the issue of the Capitalisation Shares is subject to the satisfaction of the conditions to the Agreement, the Debt Capitalisation and the issue of the Capitalisation Shares may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

On 30 December 2022, the Company and the Creditor entered into the Agreement in relation to the Debt Capitalisation. The salient terms of the Agreement are summarised below:

Debt Capitalisation

The Company is in debt to the Creditor in the sum of approximately HK\$415.63 million for outstanding advertising fees. The Company will issue to the Creditor the Capitalisation Shares at the Issue Price as settlement of the debt owed to the Creditor.

Capitalisation Shares

An aggregate of 4,062,856,000 new Shares will be issued under the Debt Capitalisation. The Capitalisation Shares represent approximately 11.37% of the issued share capital of the Company as of the date of this announcement and approximately 10.21% of the issued share capital of the Company as enlarged by the issue of the Capitalisation Shares.

Issue Price

The Issue Price of HK\$0.1023 per Capitalisation Share was arrived at after arm's length negotiation between the Creditor and the Company with reference to the prevailing market price of the Shares.

The Issue Price represents:

- (i) a discount of approximately 7% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on 30 December 2022, the date of the Agreement; and
- (ii) a discount of approximately 18.16% to the average closing price of HK\$0.125 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Given that the Issue Price was set with reference to the market price of the Shares, the Directors consider that the Issue Price is fair and reasonable under the present market conditions. The Directors are also of the view that the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

The Capitalisation Shares have a nominal value of approximately HK\$101,571,000 and a market value of approximately HK\$446,914,000, based on the closing price of HK\$0.11 per Share on 30 December 2022, the date of the Agreement. After deducting expenses relating to the Debt Capitalisation, the net price per Capitalisation Share is approximately HK\$0.1023.

Condition

The issue of the Capitalisation Shares is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares.

If the condition to the Debt Capitalisation are not fulfilled on or before 31 January 2023 (or such later date as may be agreed between the parties), the Agreement and all rights and obligations thereunder will cease and terminate.

General mandate to issue Shares

The Capitalisation Shares will be issued and allotted under the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 27 May 2022 where the Directors were granted the general authority to issue up to 6,751,308,839 Shares, representing 20% of the issued share capital of the Company on the date of the annual general meeting. As at the date of this announcement, 1,962,500,000 Shares have been issued under such mandate and 4,788,808,839 Shares may be issued under the general mandate. Accordingly, the allotment and issue of the Capitalisation Shares is not subject to further approval by the Shareholders.

Upon completion of the issue of the Capitalisation Shares, the Company will have 725,952,839 Shares unused general mandate to issue Shares.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

Ranking of the Capitalisation Shares

The Capitalisation Shares, when issued, will rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalisation Shares, including the right to any dividends or distribution declared on or after the date of such issue. The Capitalisation Shares are freely transferrable and is not subject to any lock-up on subsequent transfer.

Completion of the Debt Capitalisation

Subject to the Stock Exchange granting approval for the listing of and dealing in the Capitalisation Shares, completion of the Debt Capitalisation will take place on the later of the third Business Day after the date of the granting of the listing approval (or such other date as the parties may otherwise agree).

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company between the date of the Agreement and Completion, the effect on the shareholding structure of the Company as a result of the Debt Capitalisation will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding after completion of the Subscription	
	Shares	% of shareholding	Shares	% of shareholding
the Controlling Shareholder and parties acting in concert with it	7,690,646,602	21.53%	7,690,646,602	19.33%
the Creditor	–	–	4,062,856,000	10.21%
Other public shareholders	<u>28,028,397,597</u>	<u>78.47%</u>	<u>28,028,397,597</u>	<u>70.46%</u>
Total	<u><u>35,719,044,199</u></u>	<u><u>100.00%</u></u>	<u><u>39,781,900,199</u></u>	<u><u>100.00%</u></u>

Note: Of these 7,690,646,602 Shares, 6,081,033,000 Shares are held by GOME Management Limited, 2,006,938 Shares are held by Shinning Crown Holdings Inc., 246,706,664 Shares are held by Smart Captain Holdings Limited, 160,000,000 Shares are held by Hillwood Assets Management Limited, 1,200,000,000 Shares are held by Element Assets Management Limited and 900,000 Shares are held by Ms. Du Juan, the spouse of the Controlling Shareholder. All the companies mentioned above are wholly owned by the Controlling Shareholder.

Upon completion of the Debt Capitalisation, the Creditor will hold more than 10% interest in the Company and will become a substantial shareholder and connected person of the Company.

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the following, the Company has not conducted any equity fund raising activities during the twelve-month period immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Proceeds utilised as at the date of this announcement
28 June 2022 and 6 July 2022	Top-up placing	HK\$776,460,000	(i) Repayment of debt; (ii) Expansion of online and offline dual-platform business; and (iii) General working capital purposes	HK\$776,460,000

REASONS FOR THE DEBT CAPITALISATION

The Company is in debt to the Creditor in the sum of approximately HK\$415.63 million for outstanding advertising fees. As the Group has liquidity issue, the Company considers that the Debt Capitalisation will enable the Group to settle the outstanding debt owed to the Creditor and allow the Group to save its cash resources for other uses.

For the reason above, the Directors consider that the Debt Capitalisation is in the interest of the Company and its Shareholders as a whole.

As the Capitalisation Shares will be issued to settle the outstanding debt owed to the Creditor, no cash proceeds will be generated through the issue.

INFORMATION ON THE PARTIES

The Company

The principal activities of the Group are to provide a full range of products and services for daily life, including household appliances, food and beverages, clothing, shoes and bags, household decoration, daily necessities, maternity and baby toys, cosmetics and personal cares, etc., and provides home-delivery services to consumers through professionals. The business strategy centered on entertainment, low price, service and technology meets the full range of consumption and service needs of household users, so that every household can obtain better products and services with lower prices.

The Creditor

The Creditor, Trans Asia Inter Capital Limited (寰亞國際資本有限公司), is a company incorporated in Hong Kong and is principally engaged in the business of investment holding. The Creditor is owned by Yuen, Chi Hang Clement.

To the best knowledge of the Directors, after reasonable enquiry, the Creditor and its ultimate beneficial owners are not connected persons of the Company as at the date of the Agreement.

GENERAL

As the Debt Capitalisation and the issue of the Capitalisation Shares is subject to the satisfaction of the conditions to the Agreement, the Debt Capitalisation and the issue of the Capitalisation Shares may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Agreement”	the agreement dated 30 December 2022 between the Company and the Creditor relating to the Debt Capitalisation;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Capitalisation Shares”	4,062,856,000 new Shares;
“Company”	GOME Retail Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Controlling Shareholder”	Mr. Wong Kwong Yu;
“Creditor”	Trans Asia Inter Capital Limited;
“Debt Capitalisation”	the capitalisation of the debt owed by the Group to the Creditor;

“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Price”	HK\$0.1023 per Capitalisation Share;
“Last Trading Day”	29 December 2022, being the last full trading day in the Shares prior to the date of the Agreement;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By order of the Board
GOME Retail Holdings Limited
ZHANG Da Zhong
Chairman

Hong Kong, 2 January 2023

As at the date of this announcement, the Board comprises Mr. Zou Xiao Chun and Ms. Huang Xiu Hong as executive directors, Mr. Zhang Da Zhong and Ms. Dong Xiao Hong 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.*