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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)

PROPOSED SHARE CONSOLIDATION

The Board announced that the Company proposed to effect the Share Consolidation.

This announcement is to provide you with information in relation to such arrangement.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the proposed Share Consolidation on the basis that every 10 issued and unissued Shares of par value of HK\$0.025 each in the share capital of the Company will be consolidated into one Consolidated Share of par value of HK\$0.25 each.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, information regarding the proposed Share Consolidation and a notice of the SGM is expected to be despatched to the Shareholders on or about 11 May 2022.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" below. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the proposed Share Consolidation on the basis that every 10 issued and unissued Shares of par value of HK\$0.025 each in the share capital of the Company will be consolidated into one Consolidated Share of par value of HK\$0.25 each.

Conditions of the proposed Share Consolidation

The proposed Share Consolidation is conditional upon:

- (i) the passing of the relevant resolution to approve the proposed Share Consolidation by the Shareholders at the SGM;
- (ii) the compliance with all relevant procedures and requirements under Bermuda law (where applicable) to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the second Business Day immediately following the date of passing the relevant ordinary resolution approving the Share Consolidation at the SGM.

Effect of the proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000 divided into 200,000,000,000 Shares of par value of HK\$0.025 each, of which 33,756,544,199 Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the proposed Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$5,000,000,000 divided into 20,000,000,000 Consolidated Shares of par value of HK\$0.25 each, of which 3,375,654,419 Consolidated Shares will be in issue.

Status of the Consolidated Shares

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with Memorandum of Association and Bye-Laws of the Company and as to all future dividends and distributions which are declared, made or paid. There will be no change in the relative rights of the Shareholders. Other than the expenses to be incurred in relation to the Share Consolidation (including without limitation professional fees and printing fees), the implementation of the Share Consolidation will not, in itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Outstanding options, warrants or other securities

As at the date of this announcement, the Company has two 5% convertible bonds due 2023 (with an option to extend to 2025) in the outstanding principal amount of US\$200,000,000 and US\$100,000,000, respectively. As at the date of this announcement, the conversion price are HK\$1.2 and HK\$1.24 per existing Share, respectively. Upon the allotment and issue of the Consolidated Shares, it is expected that the conversion price will be adjusted in accordance with the terms of the convertible bonds. Further announcements will be made with respect to the adjustment.

Except as disclosed above, the Company has no outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into, any existing Shares or Consolidated Shares.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into the CCASS. The Share Consolidation will be conducted in accordance with the provisions in the Bye-laws.

No part of the share capital of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Share Capital Structure of the Company before and after the Share Consolidation

The following table sets out the effect on the share capital structure of the Company before and immediately after the Share Consolidation, assuming that no further Shares will be issued from the date of this announcement up to the Effective Date:

	Before the Share Consolidation	After the Share Consolidation
Par value per share of the Company	HK\$0.025	HK\$0.25
Authorized share capital of the Company	HK\$5,000,000,000	HK\$5,000,000,000
Number of authorized ordinary shares of the Company	200,000,000,000	20,000,000,000
Issued share capital of the Company	HK\$843,913,604.98	HK\$843,913,604.75
Number of issued ordinary shares of the Company	33,756,544,199	3,375,654,419

BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in the board lot size of 1,000 Shares. No change to the board lot size is being contemplated as a result of the Share Consolidation.

Based on the closing price of HK\$0.46 per Share (equivalent to HK\$4.60 per Consolidated Share) as quoted on the Stock Exchange as at the Last Trading Day, the value of each board lot of the Shares is HK\$460 and the theoretical market value of each board lot of the Consolidated Shares, assuming the proposed Share Consolidation had become effective, would be HK\$4,600.

Reasons for the proposed Share Consolidation

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (“**the Guideline**”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. As at the Last Trading Date, the Shares are trading at under HK\$2,000 per board lot. For the purpose of reducing transaction and registration costs, the Board proposes the Share Consolidation.

Brokers charge their clients a fee per board lot, i.e. the handling costs of dealings in more board lots are higher than those for less board lots. After the Share Consolidation, the number of new board lots will be reduced. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, and will reduce the overall transaction and handling costs of dealings in the Shares of the Company.

The Company considers that although increasing the board lot size could also achieve a similar effect as the Share Consolidation, it cannot provide any upward adjustment to the share price of the Company. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend to discourage individual brokers from recommending low-priced shares to their customers. Certain investment banks and financial institutions also have internal guidelines stipulating that no margin credit will be offered to customers for low-priced shares. Accordingly, potential investors will find investing in the Shares which currently trades below HK\$1.00 less attractive. Therefore, with a higher trading price of the Consolidated Shares and reduction in the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will enhance the corporate image of the Company so as to make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors and other members of the investing public.

Having decided not to adjust the board lot size on the above considerations and based on the recent average trading price per Share, the Company considered that consolidating 10 issued and unissued Shares into one Consolidated Share will at the same time satisfy the board lot value requirement under the Guideline while creating the minimal number of odd lots.

Given the above reasons, the Company considers the proposed Share Consolidation is justifiable in light of the potential costs and negative impact arising from the creation of odd lots to shareholders. Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

CORPORATE ACTION PLAN OF THE COMPANY

As at the date of this announcement, the Company does not have any intention or plan or otherwise foresee to undertake in the next 12 months any other corporate action or arrangement that may affect the trading in its shares (e.g. share subdivision or change in board lot size). The Directors will consider carefully the likely impact on the Shareholders before they will proceed on any such equity fund raising exercises.

OTHER ARRANGEMENTS

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Consolidated Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, inter alia, details of the proposed Share Consolidation. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not assured. Any Shareholder who has queries about the odd lots arrangement should consult his own professional advisers.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the proposed Share Consolidation becoming effective, which is expected to be on Tuesday, 31 May 2022, Shareholders may, during the period from Tuesday, 31 May 2022 to Friday, 8 July 2022 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit share certificates for the existing Shares in orange colour to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new certificates of the Consolidated Shares in blue colour. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not accepted for trading, settlement and registration upon completion of the proposed Share Consolidation.

EXPECTED TIMETABLE

The expected timetable for the proposed Share Consolidation is set out below:

Event	Time and date 2022
Expected date of despatch of the circular, notice and proxy form of the SGM	not later than Wednesday, 11 May
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM	4:30 p.m. on Monday, 23 May
Closure of register of members for the entitlement to attend and vote at the SGM	Tuesday, 24 May to Friday, 27 May (both days inclusive)
Latest time for return of proxy form of the SGM (not less than 48 hours prior to time of the SGM)	3:30 p.m. on Wednesday, 25 May
SGM	3:30 p.m. on Friday, 27 May
Announcement of results of the SGM	Friday, 27 May
Effective Date of the Share Consolidation	Tuesday, 31 May
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 31 May
Original counter for trading in Shares in existing Shares in board lots of 1,000 Shares temporarily closes	9:00 a.m. on Tuesday, 31 May
Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 31 May
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences	9:00 a.m. on Tuesday, 31 May
Original counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 15 June
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Wednesday, 15 June

Event	Time and date 2022
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	9:00 a.m. on Wednesday, 15 June
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Wednesday, 6 July
Temporary counter for trading in Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 6 July
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	4:10 p.m. on Wednesday, 6 July
Last day for free exchange of existing certificates for new certificates for Consolidated Shares	4:30 p.m. on Friday, 8 July

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the proposed Share Consolidation at the SGM.

A circular containing, among other things, information regarding the proposed Share Consolidation and a notice of the SGM is expected to be despatched to the Shareholders on or about Wednesday, 11 May 2022.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Board”	the board of directors of the Company;
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks are generally open for business more than five hours in Hong Kong;
“CCASS”	Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;
“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);
“Consolidated Share”	Share of par value of HK\$0.25 each in the share capital of the Company upon completion of the proposed Share Consolidation;
“Director”	a director of the board of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Trading Day”	19 April 2022, being the last trading day immediately before the publication of this announcement;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation;
“Share”	ordinary share of par value of HK\$0.025 each in the share capital of the Company;
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Shares of par value of HK\$0.025 each into one Consolidated Share of par value of HK\$0.25 each;

“Shareholders” shareholders of the Company;
“Stock Exchange” The Stock Exchange of Hong Kong Limited; and
“%” per cent.

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

Hong Kong, 20 April 2022

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.*