GOME RETAIL HOLDINGS LIMITED
國 美 零 售 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	First half of 2024	First half of 2023
	RMB million	*RMB million*
Revenue	**169**	415
Loss attributable to owners of the parent	**(4,432)**	(3,539)
Loss per share		
– Basic and diluted	**(RMB9.4 fen)**	(RMB8.2 fen)

The board of directors (the "Board") of GOME Retail Holdings Limited (the "Company") announces the unaudited interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*5*	**169,160**	414,763
Cost of sales	*6*	**(151,200)**	(534,745)
Gross profit (loss)		**17,960**	(119,982)
Other income and gains	*5*	**224,233**	130,971
Selling and distribution expenses		**(193,050)**	(1,299,648)
Administrative expenses		**(553,852)**	(783,496)
Impairment losses on financial assets		**(927,064)**	(17,945)
Other expenses and losses		**(1,925,792)**	(279,456)
Impairment loss on interests in associates		**(123,811)**	–
Share of losses of associates		**(10,136)**	(107,742)
Loss before finance (costs) income and tax		**(3,491,512)**	(2,477,298)
Finance costs	*7*	**(917,838)**	(1,030,560)
Finance income	*7*	**5,599**	(100,929)
LOSS BEFORE TAX	*6*	**(4,403,751)**	(3,608,787)
Income tax (expense) credit	*8*	**(12,585)**	13,346
LOSS FOR THE PERIOD		**(4,416,336)**	(3,595,441)
Attributable to:			
Owners of the parent		**(4,431,909)**	(3,538,956)
Non-controlling interests		**15,573**	(56,485)
		(4,416,336)	(3,595,441)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*10*		
Basic		**(RMB9.4 fen)**	(RMB8.2 fen)
Diluted		**(RMB9.4 fen)**	(RMB8.2 fen)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(4,416,336)**	(3,595,441)
OTHER COMPREHENSIVE INCOME (EXPENSE)		
Other comprehensive income (expense) that may be reclassified to profit or expense in subsequent periods:		
Exchange differences on translation of foreign operations	**84,240**	(166,935)
Other comprehensive income (expense) that will not be reclassified to profit or expense in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**34,389**	(226,036)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	**118,629**	(392,971)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	**(4,297,707)**	(3,988,412)
Attributable to:		
Owners of the parent	**(4,313,280)**	(3,931,927)
Non-controlling interests	**15,573**	(56,485)
	(4,297,707)	(3,988,412)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	**30 June 2024 (Unaudited)** ***RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**4,665,413**	4,771,754
Investment properties		**4,518,062**	4,828,588
Right-of-use assets		**11,536,578**	11,922,187
Goodwill		**62,208**	62,208
Other intangible assets		**43,038**	52,302
Investment in associates		**223,477**	452,031
Financial assets at fair value through other comprehensive income		**95,591**	12,988
Financial assets at fair value through profit or loss		**1,960,993**	2,185,681
Deferred tax assets		**9,441**	11,718
Prepayments, other receivables and other assets		**149,977**	173,534
Total non-current assets		**23,264,778**	24,472,991
CURRENT ASSETS			
Inventories		**181,318**	202,077
Property under development		**688,737**	688,129
Trade receivables	*11*	**531,821**	129,796
Prepayments, other receivables and other assets		**2,529,906**	3,123,761
Due from related companies		**401,975**	548,265
Financial assets at fair value through profit or loss		**181,900**	303,171
Pledged bank deposits and restricted cash		**92,972**	443,215
Cash and cash equivalents		**54,585**	66,247
Total current assets		**4,663,214**	5,504,661

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2024

	Note	**30 June 2024 (Unaudited)** *RMB'000*	31 December 2023 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade payables	*12*	**5,759,346**	4,860,606
Other payables and accruals		**10,479,652**	7,694,453
Due to related companies		**297,890**	294,393
Lease liabilities		**152,398**	118,318
Interest-bearing bank and other borrowings	*13*	**22,852,541**	24,266,291
Tax payable		**984,999**	1,025,233
Total current liabilities		**40,526,826**	38,259,294
NET CURRENT LIABILITIES		**(35,863,612)**	(32,754,633)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(12,598,834)**	(8,281,642)
NON-CURRENT LIABILITIES			
Lease liabilities		**77,736**	212,385
Interest-bearing bank and other borrowings	*13*	**199,766**	205,403
Deferred tax liabilities		**535,606**	560,092
Total non-current liabilities		**813,108**	977,880
Net liabilities		**(13,411,942)**	(9,259,522)
DEFICIT			
Deficit attributable to owners of the parent			
Issued capital		**1,082,460**	1,079,531
Treasury shares		**(444,985)**	(444,985)
Reserves		**(9,761,286)**	(5,590,365)
		(9,123,811)	(4,955,819)
Non-controlling interests		**(4,288,131)**	(4,303,703)
Total deficit		**(13,411,942)**	(9,259,522)

NOTES

1. CORPORATE AND GROUP INFORMATION

GOME Retail Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM10, Bermuda and principal place of office is Suite 2915, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activities of the Group are the operations and management of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as a full category of online sales network in the People's Republic of China (the "PRC") through self-operated and platform models.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, debt securities and equity investments which have been measured at fair value.

Other than those operating subsidiaries established in the PRC whose functional currency is Renminbi ("RMB"), the functional currency of the remaining subsidiaries is Hong Kong dollars ("HK$") and United States dollar.

These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statement do not include all the information and disclosures defined in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

Going concern consideration

The Group incurred a loss of RMB4.4 billion for the six months ended 30 June 2024, the Group's current liabilities exceeded its current assets by RMB35.9 billion as at 30 June 2024. The Group's current liabilities amounted to RMB40.5 billion, of which RMB22.9 billion represented interest-bearing bank and other borrowings as at 30 June 2024. Nevertheless, the Group had cash and cash equivalents amounted to RMB55 million as at 30 June 2024. In addition, certain loan payables to financial institutions were overdue. The overdue of these loan payables entitled the lenders the right to demand immediate repayment of the loan payables from the Group. Certain banks have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received assets preservation orders to restrict the disposition of certain assets and the withdrawal of bank deposits during the year. Moreover, the Group involved in a number of pending civil claims or lawsuits filed by the civil litigants as at 30 June 2024. Further, due to the suspension of supply of goods from certain major suppliers, the revenue significantly decreased in the reporting period, which resulted in significant impacts on the Group's operations. These conditions indicate the existence of a material uncertainty which cast significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION (continued)

Going concern consideration (continued)

The Group is taking steps and measures to mitigate its liquidity pressure and improve its financial position. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, which are set out as follows:

(1) Restructure of bank and other borrowings

The Group has been actively negotiating with relevant banks and related entities for, including but not limited to, change of borrowing terms and extension for repayment terms to reach mutually agreed arrangements. With coordination from certain local governments, the Group committed to obtain the consents from the banks to (i) renew or extend the repayment due date for existing secured bank borrowings; (ii) convert existing unsecured bank borrowings by way of the government-directed debt-to-equity swap to ordinary shares of the Company; and (iii) pledge certain of the Group's assets or properties as collaterals in order to obtain additional funds or banking facilities to support the Group's working capital needs.

(2) Restructure of trade payables

The Group has been actively negotiating with the suppliers and service providers for settlements of the overdue balances. The Group has obtained the consents from certain major suppliers to re-activate the existing credit limit by converting the overdue trade payables to ordinary shares of the Company through debt-to-equity swap. In addition, the Group is negotiating with other suppliers to convert the overdue trade payables to ordinary shares.

(3) Reopen closed stores and recover the seized inventories and settlement of other payables

The Group has been actively negotiating with the landlords and service providers for settlements of the overdue balances in order to reopen closed stores and recover the seized inventories and re-activate the provision of services to the Group. The Group has obtained the consents from certain landlords and service providers to reopen closed stores and recover the seized inventories and re-activate the existing provision of services by converting the overdue lease liabilities or other payables into ordinary shares of the Company through debt-to-equity swap. In addition, the Group will negotiate with other landlords and service providers to convert the overdue lease liabilities and other payables.

(4) Restructure of convertible bonds and support from the convertible bond holders

The Group and the convertible bond holders have actively been negotiating to manage the repayment of overdue bonds with aggregated principal amounts of US$274 million (equivalent to RMB1.95 billion) plus accrued and unpaid interests through various options, including but not limited to, extension of repayment terms, swap of certain portion of the outstanding principal amount to shares of the Company and exchange of certain properties.

On 27 December 2023, the Group entered into an agreement with one of the Bondholders in relation to the partial settlement of the bonds payable. Pursuant to the agreement, the Group sold the 21.6495% equity interest in 深圳十分到家服務科技有限公司 ("Shenzhen Shifen Daojia Service Technology Co., Ltd." or "Shenzhen Shifen Daojia"), a subsidiary of the Group and a limited liability company established in the PRC, to the Bondholder at a consideration of RMB105,000,000. On 23 January 2024, the equity interest of Shenzhen Shifen Daojia was transferred to the Bondholder. In addition, the Bondholder has converted total amounts of the Bonds equivalent to RMB145,000,000 into shares of the Company. Based on the adjusted conversion price of HK$1.24, an aggregate of 128,640,000 Conversion Shares has been issued to the Bondholder on 28 May 2024.

2. BASIS OF PREPARATION (continued)

Going concern consideration (continued)

(5) Sale of properties

The Group is in active negotiations with investors for sale of certain investment properties and properties under development of the Group to enhance its liquidity position.

(6) Other fund-raising

The Group has been actively exploring various fund-raising opportunities, including but not limited to placement of shares depending on the prevailing market conditions, negotiation with strategic investors, and the development of the Group's core businesses. The Group is seeking professional advice from financial advisors and consultants in pursuing these fund-raising initiatives in order to best serve the interest of the Group.

Based on the above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and related written contractual agreements are not yet finalised as at the date of the approval for issuance of the consolidated financial statements of the Group, material uncertainties exist as to whether the Group will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings: (i) successfully obtaining the approval from shareholders of the Company in the shareholder's meeting in relation to the equity exercises; (ii) the ability of certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors in converting their debt to shares of the Company; (iii) the successful negotiation with convertible bond holders to restructure the convertible bonds; (iv) the successful renewal and extension of the repayment due date of existing secured bank borrowings upon maturity; (v) the successful negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables as mentioned above due to the breach of loan covenants; (vi) the successful negotiation with the major suppliers and service providers on reactivating the existing credit limit and resumption of the supply of goods; (vii) successfully defending the Group against civil claims procedures or lawsuits filed by the civil litigants; and (viii) the successful sale of the Group's properties at its intended price in order to enhance the Group's liquidity.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except as described below.

In the current interim period, the Group has applied, for the first time, the following new standard and amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") which are effective for the Group's financial period beginning 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the above new standard and amendments to standards in the current interim period has had no material impact on the Group's financial performance and positions as well as disclosures set out in these condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has one reportable operating segment which is the operations and management of retail stores of electrical appliances, consumer electronic products and general merchandise, as well as full category of on-line sales network in the Mainland China through self-operated and platform models. The corporate office in Hong Kong does not earn revenues and is not classified as an operating segment. Accordingly, no segment information by profit, assets and liabilities is presented.

Geographical information

During the six months ended 30 June 2023 and 2024, all revenue of the Group was derived from customers in Mainland China and over 99% of the Group's non-current assets, other than certain financial assets at fair value through profit or loss, were situated in Mainland China.

Information about major customers

During the six months ended 30 June 2023 and 2024, there was no revenue derived from a single customer which accounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**169,160**	414,763
Other income		
Gross rental income from investment property operating leases	**60,495**	95,062
Government grants*	**232**	15,315
Commission income from providing online platforms	**4,967**	1,438
Income from store display services	**–**	702
Income from compensation	**1,660**	340
Realised income from wealth management financial products	**1,766**	1,980
Income from warehousing services	**23,641**	–
Others	**8,590**	7,889
	101,351	122,726
Gains		
Gains on disposal of financial assets at fair value through profit or loss	**–**	6,148
Gains on disposal of assets	**10,405**	2,097
Gains on disposal of subsidiaries (liquidated and deregistered)	**99,719**	–
Gains on lease modification	**12,758**	–
	122,882	8,245
	224,233	130,971

* Various local government grants were received to reward the Group's contributions to the local economy. There was no unfulfilled condition or contingency attaching to these government grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging (crediting):

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**172,426**	557,930
Reversal of provision against inventories	**(21,226)**	(23,185)
Cost of sales	**151,200**	534,745
Depreciation of property and equipment	**96,535**	270,092
Depreciation of right-of-use assets	**374,286**	782,138
Amortisation of other intangible assets	**9,264**	20,891
Research and development costs	**267**	10,554
Losses on disposal of property and equipment*	**450**	933
(Gains) losses on lease modifications*	**(12,758)**	16,032
Fair value losses, net:		
Financial assets at fair value through profit or loss*	**338,943**	16,689
Derivative financial instruments embedded in the convertible bonds issued*	**–**	(87)
Foreign exchange differences, net*	**5,477**	70,270
Impairment losses on financial assets	**927,064**	17,945
Losses on joint and several liabilities from subsidiaries ruled bankrupt by the courts*	**1,501,701**	–

Note:

* These items are included in "Other expenses and losses" and "Other income and gains" in the interim condensed consolidated statement of profit or loss.

7. FINANCE (COSTS) INCOME

An analysis of finance costs and finance income is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance costs:		
Interest on bonds payable	**(88,180)**	(54,428)
Interest on bank borrowings	**(70,816)**	(180,145)
Interest on lease liabilities	**(6,518)**	(42,708)
Penalty interest on bank borrowings	**(752,324)**	(753,279)
	(917,838)	(1,030,560)

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance income:		
Bank interest income	**2,521**	8,334
Forfeiture of past accrued interest income	**–**	(110,872)
Interest income from loans to third parties	**3,078**	1,609
	5,599	(100,929)

8. INCOME TAX (EXPENSE) CREDIT

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for certain preferential treatments available to the Group, the tax rate of the PRC subsidiaries is 25% (2023: 25%) on their respective taxable income. During the period, certain subsidiaries of the Group obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Under-provision in respect of prior years	**(18,679)**	(119)
Deferred	**6,094**	13,465
Total tax (expense) credit for the period	**(12,585)**	13,346

9. DIVIDENDS

Pursuant to the board of directors' resolution dated 30 August 2024, the board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2024.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 47,205,472,000 (six months ended 30 June 2023: 43,077,734,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2024 in respect of a dilution as the impact of share awards granted had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of the basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(4,431,909)**	(3,538,956)

	Number of shares for the six months ended 30 June	
	2024	2023
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**47,205,472**	43,077,734

11. TRADE RECEIVABLES

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade receivables	**619,259**	207,478
Impairment	**(87,438)**	(77,682)
	531,821	129,796

An ageing analysis of the trade and bill receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**170,904**	110,017
3 to 6 months	**359,709**	3,804
Over 6 months	**1,208**	15,975
	531,821	129,796

12. TRADE PAYABLES

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade payables - unsecured	**5,228,224**	4,860,606
Trade payables - secured	**531,122**	–
	5,759,346	4,860,606

An ageing analysis of the trade payables as at the end of the reporting period, based on the goods receipt date, is as follows:

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**1,208,028**	819,564
3 to 6 months	**182,984**	296,673
6 to 12 months	**651,793**	874,306
Over 12 months	**3,716,541**	2,870,063
	5,759,346	4,860,606

Notes:

(i) Certain of the Group's trade payables are secured by buildings with a net carrying amount of approximately RMB236,945,000 (31 December 2023: nil); and

(ii) The trade payables are non-interest-bearing and are normally settled on terms of one to six months.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate (%)	**Maturity***	**(Unaudited) *RMB'000***	Effective interest rate (%)	Maturity*	(Audited) *RMB'000*
Current						
Bank loans – secured	**4.55-6.00**	**2024-2025**	**502,833**	3.85-6.00	2024	1,425,784
Other loans – secured	**5.00**	**2024**	**58,200**	5.00	2024	58,200
Other loans – unsecured	**–**	**2024-2025**	**114,087**	–	2024	123,064
Bonds payable – unsecured	**7.80-8.00**	**2022-2023**	**2,351,493**	7.80-8.00	2022-2023	2,502,366
Bank loans – secured	**3.75-18.00**	**2022-2024**	**15,084,853**	3.75-18.00	2022-2023	14,464,384
Bank loans – unsecured	**8.85-10.50**	**2022-2023**	**34,923**	8.85-10.50	2022-2023	34,923
Other loans – secured	**5.27-18.00**	**2022-2023**	**2,539,404**	3.80-18.00	2022-2023	3,061,511
Bonds payable – unsecured	**7.80**	**2025**	**6,967**	N/A	N/A	N/A
Bank loans – secured	**4.55-5.87**	**2025-2031**	**2,107,072**	4.00-8.10	2025-2042	2,543,350
Other loans – secured	**10.00**	**2026**	**52,709**	10.00	2026	52,709
			22,852,541			24,266,291
Non-current						
Bonds payable – unsecured	**7.00**	**2026**	**199,766**	7.00-7.80	2025-2026	205,403

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Analysed into:		
Bank loans repayable:*		
Within one year	**15,622,609**	15,925,091
In the second year	**313,700**	75,000
In the third to fifth years, inclusive	**1,106,770**	1,611,503
Beyond five years	**686,602**	856,847
	17,729,681	18,468,441
Other borrowings repayable:*		
Within one year	**5,070,151**	5,745,141
In second year	**252,475**	5,743
In the third to fifth years, inclusive	**–**	252,369
	5,322,626	6,003,253

Notes:

* The maturity analysis on loans with a repayment on demand clause upon default based on scheduled repayments.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(i) As at 30 June 2024, certain of the Group's bank and other borrowings are secured by:

(a) certain of the Group's buildings situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of approximately RMB3,344,783,000 (31 December 2023: RMB3,026,036,000);

(b) certain of the Group's aircraft with a net carrying amount at the end of the reporting period of nil (31 December 2023: nil);

(c) certain of the Group's investment properties situated in Mainland China which had an aggregate fair value at the end of the reporting period of approximately RMB4,481,829,000 (31 December 2023: RMB4,792,611,000);

(d) certain of the Group's properties under development situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of approximately RMB688,737,000 (31 December 2023: RMB688,129,000);

(e) certain of the Group's right-of-use assets situated in Mainland China which had an aggregate net carrying amount at the end of the reporting period of approximately RMB191,505,000 (31 December 2023: RMB194,086,000);

(f) certain of the Group's time deposits and related interest receivables at the end of the reporting period amounted to nil and nil (31 December 2023: RMB329,720,000 and RMB9,363,000), respectively; and

(g) certain of the Group's investments in associates amounted to approximately RMB48,028,000 (31 December 2023: RMB125,354,000).

(ii) Except for the bonds payable and related interest payable denominated in USD with carrying amounts RMB2,223,929,000 (31 December 2023: RMB2,392,280,000), all the Group's bank and other borrowings are denominated in RMB at the end of the reporting period.

(iii) During the six months ended 30 June 2024, the Group redeemed corporate bonds of nil (31 December 2023: RMB9,241,000) upon its maturity and renewed amounted to nil (31 December 2023: RMB206,970,000).

14. CONVERTIBLE BONDS

On 17 April 2020, the Company, as issuer, and Hongkong Walnut Street Limited ("Pinduoduo"), a company with limited liability incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Pinduoduo Inc., as subscriber, entered into a subscription agreement (the "Pinduoduo Subscription Agreement") in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$200 million. The initial conversion price of the convertible bonds was HK$1.215 per share. Assuming that the conversion rights have been exercised in full, 1,283,950,617 new shares of the Company would be allotted and issued. The issuance of the convertible bonds was completed on 28 April 2020. On 9 March 2021, as a result of the placing of existing and the subscription of new shares of the Company and pursuant to the terms of Pinduoduo Subscription Agreement, the conversion price of the convertible bonds was adjusted to HK$1.20 per share and the maximum number of shares that will be issued upon conversion of the convertible bonds is 1,300,000,000 shares.

On 28 May 2020, the Company, as issuer, and JD.com International Limited ("JD"), a limited liability company established in Hong Kong and a wholly-owned subsidiary of JD.com, Inc., as subscriber, entered into a subscription agreement (the "JD Subscription Agreement') in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$100 million. The initial conversion price of the convertible bonds was HK$1.255 per share. Assuming that the conversion rights have been exercised in full, 621,513,944 new shares of the Company would be allotted and issued. The issuance of the convertible bonds was completed on 30 June 2020. On 9 March 2021, as a result of the placing of existing and the subscription of new shares of the Company and pursuant to the terms of JD Subscription Agreement, the conversion price of the convertible bonds was adjusted to HK$1.24 per share and the maximum number of shares that will be issued upon conversion of the convertible bonds is 629,032,258 shares.

The convertible bonds issued under the Pinduoduo Subscription Agreement and the JD Subscription Agreement (collectively the "CBs") bear interest from (and including) the issuance date at the rate of 5% per annum payable annually. The CBs initially have a maturity date falling on the third anniversary of the issue date, which may be extended for another 2 years at the option of bondholders of the CBs under certain conditions. Upon the occurrence of certain bondholder redemption events, the bondholders have the option to redeem in whole, or in part, the CBs then outstanding.

At the issuance date, the liability components, and the above-mentioned conversion options, extension option and redemption options (collectively the "embedded derivatives") of the CBs were measured at fair value. The liability components are presented as interest-bearing borrowings on the amortised cost basis until extinguished on conversion or redemption. The embedded derivatives are separated from the liability components, and presented as derivative financial liabilities at fair value. As at 30 June 2024 and 31 December 2023, the fair value of the derivative embedded was nil.

On 27 December 2023, the Group entered into an agreement with one of the Bondholders in relation to the partial settlement of the bonds payable. Pursuant to the agreement, the Group sold 21.6495% of the equity interest in Shenzhen Shifen Daojia to the Bondholder at a consideration of RMB105,000,000. On 23 January 2024, the equity interest of Shenzhen Shifen Daojia was transferred to the Bondholder. In addition, the Bondholder has converted total amounts of the Bonds equivalent to the amount of RMB145,000,000 into shares of the Company. Based on the adjusted conversion price of HK$1.24, an aggregate of 128,640,000 Conversion Shares has been issued to the Bondholder on 28 May 2024.

For further details of the CBs, please refer to the related announcements of the Company dated 19 April 2020, 28 April 2020, 28 May 2020, 30 June 2020, 29 April 2021, 28 April 2023, 30 June 2023, 27 December 2023, 29 December 2023 and 28 May 2024.

15. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2024 (the "Reporting Period"), GOME Retail Holdings Limited (the "Company") and its subsidiaries (the "Group" or "GOME") continued to focus on the retail and home service industries. Adhering to its mission and vision of "Better homes and lifestyles through GOME", GOME is committed to satisfying all-round consumption and service needs of domestic families in this new era. In addition, it actively promotes product innovation, business transformation, cost reduction and efficiency enhancement and makes every effort to resolve its debt issues.

During the Reporting Period, the domestic economy was affected by the severe and complex international environment and adjustments of domestic policies. The recovery was still slow, while the real estate market declined significantly. The income growth of local governments and households slowed down. The economy entered a deleveraging cycle. Due to the declining willingness to consume, home appliances and other related industries were affected and the downturn continued. Compounded by the impact of its own debt issues, the revenue of the Group continued to decrease with loss increased during the Reporting Period. Although it is still in a difficult situation, the management has remained positive, insisting on promoting strategic focus and model innovation in the Group's businesses. While consolidating its existing businesses, the Group is exploring new growth drivers. During the Reporting Period, the Group has made excellent progress in innovative business models such as franchising and GOME Automobile Experience Hall. In respect of dealing with its debt issues, the Group has continued to divest from serious loss-making businesses and non-core assets. Furthermore, it also disposed some of its long-term assets to settle debts, and actively negotiated with creditors for debt settlements.

In the first half of 2024, the Group recorded sales revenue of approximately RMB169 million, decreased by 59.28% as compared with RMB415 million for the corresponding period last year. The gross profit was approximately RMB18 million, as compared with a gross loss of RMB120 million for the corresponding period last year. The operating expenses (including administrative expenses, selling and distribution expenses) of the Group amounted to approximately RMB747 million, as compared with RMB2,083 million for the corresponding period last year. Other expenses and losses of the Group amounted to approximately RMB1,926 million, as compared with RMB279 million for the corresponding period last year. Net finance costs were approximately RMB912 million, while the amount was RMB1,131 million in the corresponding period last year. Taking into account the above factors, the Group's loss attributable to owners of the parent during the Reporting Period was approximately RMB4,432 million, increased by 25.23% as compared with RMB3,539 million for the corresponding period last year.

In the first half of 2024, the Group continued to focus on its core retail business, activate the "Home • Living" omni-retail ecosystem, actively and extensively explore a variety of procurement channels and methods, and focus on the retail of home appliances, consumer electronic products, groceries and various types of daily necessities. It also promoted offline upgrades and strengthened new operating methods such as online live streaming. In addition, it accelerated the development of franchising business and the GOME Automobile Experience Hall commenced its operation, creating new growth opportunities.

FINANCIAL REVIEW

Revenue

During the Reporting Period, as a result of the working capital deficiency and disruptions to the supply chain, sales revenue decreased by 59.28% to approximately RMB169 million during the Reporting Period, as compared with RMB415 million for the corresponding period last year.

Cost of sales and gross profit (loss)

During the Reporting Period, cost of sales for the Group was approximately RMB151 million. The Group's gross profit was approximately RMB18 million, as compared with a gross loss of RMB120 million for the corresponding period last year.

Other income and gains

During the Reporting Period, the Group recorded other income and gains of approximately RMB224 million, representing an increase of approximately 70.99% as compared with RMB131 million for the corresponding period last year, mainly due to the liquidation gains from bankrupted and deregistered subsidiaries during the Reporting Period.

Selling and distribution expenses

During the Reporting Period, the Group's total selling and distribution expenses amounted to approximately RMB193 million, decreased by 85.15% as compared with RMB1,300 million for the corresponding period last year.

Among which, staff related expenses decreased from RMB275 million for the corresponding period last year to approximately RMB60 million; depreciation expenses decreased from RMB550 million for the corresponding period last year to approximately RMB96 million; rental expenses decreased from RMB401 million for the corresponding period last year to approximately RMB5 million; water and electricity expense decreased from RMB33 million for the corresponding period last year to approximately RMB1 million; while advertising and promotion expenses increased from RMB12 million for the corresponding period last year to approximately RMB26 million.

Administrative expenses

During the Reporting Period, administrative expenses of the Group were approximately RMB554 million, decreased by 29.25% as compared with RMB783 million for the corresponding period last year. Among which, staff related expenses decreased from RMB154 million for the corresponding period last year to approximately RMB48 million, mainly as a result of decrease in headcount; depreciation expenses decreased from RMB503 million for the corresponding period last year to approximately RMB375 million and accrued litigation fee of approximately RMB59 million during the Reporting Period.

Impairment losses on financial assets

During the Reporting Period, the Group made impairment losses on financial assets of approximately RMB927 million, mainly due to the Group recognised impairment losses on receivables from suppliers that were trade in nature with individually not significant amounts of approximately RMB579 million and on receivables from subsidiaries that were in liquidation procedures of approximately RMB188 million, as compared with RMB18 million for the corresponding period last year.

Other expenses and losses

During the Reporting Period, the Group recorded other expenses and losses of approximately RMB1,926 million as compared with RMB279 million for the corresponding period last year. Other expenses and losses mainly comprised of losses on joint and several liabilities from subsidiaries ruled bankrupt by the courts of approximately RMB1,502 million, fair value loss on financial assets of approximately RMB339 million and provision for penalty interest and liquidated damages from pending litigations of approximately RMB48 million incurred during the Reporting Period.

Impairment loss on interests in associates

During the Reporting Period, the Group made an impairment loss on interests in associates of approximately RMB124 million with reference to latest underlying performance and its quoted market price, as compared with nil for the corresponding period last year.

Loss before finance (costs) income and tax

During the Reporting Period, the Group's loss before finance (costs) income and tax was approximately RMB3,492 million, as compared with a loss of RMB2,477 million for the corresponding period last year.

Net finance (costs) income

During the Reporting Period, the Group's net finance costs (finance income less finance costs) were approximately RMB912 million, as compared with RMB1,131 million for the corresponding period last year.

Loss before tax

As a result of the above-mentioned factors, the Group's loss before tax was approximately RMB4,404 million during the Reporting Period, increased by 22.03% as compared with a loss of RMB3,609 million for the corresponding period last year.

Income tax (expense) credit

During the Reporting Period, the Group's income tax expense amounted to approximately RMB13 million, as compared with income tax credit of RMB13 million for the corresponding period last year.

Loss for the period and loss per share attributable to owners of the parent

During the Reporting Period, the Group's loss attributable to owners of the parent was approximately RMB4,432 million, increased by 25.23% as compared with a loss of RMB3,539 million for the corresponding period last year.

During the Reporting Period, the Group's basic loss per share was approximately RMB9.4 fen, as compared with basic loss per share of RMB8.2 fen for the corresponding period last year.

Cash and cash equivalents

As at the end of the Reporting Period, cash and cash equivalents held by the Group was approximately RMB55 million, which was mainly denominated in Renminbi and the rest in HK dollars and other currencies, as compared with RMB66 million as at the end of 2023.

Inventories

As at the end of the Reporting Period, the Group's inventories amounted to approximately RMB181 million, down 10.40% as compared with RMB202 million as at the end of 2023. As a result of the decrease in sales revenue and cost of sales during the Reporting Period, inventory turnover days increased by 122 days from 109 days in the first half of 2023 to approximately 231 days.

Prepayments, other receivables and other assets (current)

As at the end of the Reporting Period, prepayments, other receivables and other assets (current) of the Group amounted to approximately RMB2,530 million, down 19.01% from RMB3,124 million as at the end of 2023. It was mainly due to the decrease in advances to suppliers, offsetted by the increase in deposits and other receivables and impairment allowance.

Due from related companies

As at the end of the Reporting Period, due from related companies amounted to approximately RMB402 million, compared with RMB548 million as at the end of 2023.

Trade payables

As at the end of the Reporting Period, trade payables of the Group amounted to approximately RMB5,759 million, up 18.47% as compared with RMB4,861 million as at the end of 2023. As a result of the decrease in sales revenue and cost of sales during the Reporting Period, turnover days of trade payables increased by 4,591 days from 1,801 days for the corresponding period last year to approximately 6,392 days.

Capital expenditure

During the Reporting Period, capital expenditure (relating to property and equipment) incurred by the Group amounted to approximately RMB7 million, representing an 91.25% decrease as compared with RMB80 million for the first half of 2023.

Cash flows

During the Reporting Period, mainly due to, among others, the changes in trade receivables and due from related companies, the Group's net cash flows generated from operating activities was approximately RMB30 million, as compared with RMB1,194 million used for the corresponding period last year.

Net cash flows generated from investing activities were approximately RMB133 million, as compared with RMB37 million generated for the corresponding period last year.

During the Reporting Period, net cash flows used in financing activities amounted to approximately RMB175 million, as compared with RMB1,133 million generated for the corresponding period last year. The net cash outflows from financing activities were mainly due to repayment of interest-bearing bank and other borrowings during the Reporting Period.

Contingent Liabilities and Capital Commitments

As at the end of the Reporting Period, the Group had capital commitments of approximately RMB585 million and the Group did not make any third party guarantee.

The principal amount of the Group's overdue interest-bearing bank and other borrowings (including bonds payable) as at the end of the Reporting Period amounted to approximately RMB18.8 billion. The Group was involved in a total of 1,435 pending lawsuits, amounted to approximately RMB13 billion in aggregate, of which, the pending cases with banks and financial institutions amounted to approximately RMB10.6 billion as at the end of the Reporting Period.

Foreign Currencies and Treasury Policy

The majority of the Group's income and its expenses and cash and cash equivalents were denominated in Renminbi. The Group has adopted effective measures to reduce its foreign exchange risks. The Group's treasury policy is that it will only manage such exposure (if any) when it posts significant potential financial impact on the Group.

The management of the Group estimates that less than 10% of the Group's current purchases are imported products and the transactions are mainly denominated in Renminbi.

Financial Resources and Gearing Ratio

During the Reporting Period, the Group's working capital was mainly funded by cash and bank deposits, proceeds from disposal of subsidiaries (liquidated and deregistered).

As at 30 June 2024, the total borrowings of the Group comprised of interest-bearing bank loans, other loans, corporate bonds and convertible bonds, all repayable within 1 year, except for corporate bonds which were repayable as stated below.

The current interest-bearing bank loans and other loans comprised:

	Fixed rate *RMB'000*	**Floating rate** *RMB'000*	**Total** *RMB'000*
Denominated in RMB	18,062,286	2,431,795	20,494,081

The corporate bonds comprised:

(1) corporate bonds issued in 2018, renewed in 2020 with an aggregate nominal value of RMB102 million issued at a fixed coupon rate of 7.8% per annum with remaining term of 4 years, the Group shall be entitled to adjust the coupon rate, the investors shall be entitled to sell the outstanding bonds back to the Group at the end of the second year, and due in 2022;

(2) corporate bonds issued in 2019, renewed in 2021 and 2023 with an aggregate nominal value of RMB7 million issued at a fixed coupon rate of 7.8% per annum with remaining term of 2 years; and

(3) corporate bonds issued in 2020, renewed in 2023 with an aggregate nominal value of RMB200 million issued at a fixed coupon rate of 7% per annum with remaining term of 3 years.

Convertible bonds comprised:

(1) 5% convertible bonds due in 2023 in the aggregate principal amount of US$200 million issued in April 2020. As at 30 June 2024, the outstanding principal amount was US$200 million and the net proceeds of US$196.80 million have been fully used to repay the debts and related interests of the Group; and

(2) 5% convertible bonds due in 2023 in the aggregate principal amount of US$100 million issued in June 2020. As at 30 June 2024, the outstanding principal amount was US$73.74 million and the net proceeds of US$99.11 million have been fully used to repay the debts and related interests of the Group.

As at 30 June 2024, the debt to total deficit ratio, which was expressed as a percentage of total interest-bearing bank and other borrowings amounted to approximately RMB23,052 million over total deficit amounted to approximately RMB13,412 million, decrease from negative 264.28% as at 31 December 2023 to negative 171.88%. The debt ratio was 82.54% as compared with 81.63% as at 31 December 2023, which was expressed as a percentage of total borrowings over total assets amounted to approximately RMB27,928 million.

Charge on and Seize of Group Assets

The Group's secured interest-bearing bank and other borrowings and trade payables amounted to approximately RMB20,345 million and approximately RMB531 million, respectively. As at 30 June 2024, certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's property and equipment, property under development and investment properties of the Group with a carrying value of approximately RMB8,515 million, the Group's investments in associates amounted to approximately RMB48 million, the Group's right of-use assets with a carrying value of approximately RMB192 million. Certain of the Group's trade payables were secured by the Group's buildings with a net carrying value of approximately RMB237 million. Besides charged assets, certain of the Group's property and equipment and right-of-use assets amounted to approximately RMB411 million and approximately RMB80 million have been seized by the courts, respectively.

HUMAN RESOURCES

Employee and Remuneration Policy

As at 30 June 2024, the Group employed a total of 1,293 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees, including Directors, is determined with reference to their performance and the prevailing salary levels in the market.

OUTLOOK AND PROSPECTS

Although the Group has experienced unprecedented difficulties in the past two years, the management has not given up. In the first half of the year, we have achieved the upgrading and transformation of the existing businesses, and the layout of the new businesses has also achieved preliminary results. In the second half of the year, we will continue to work hard and strive to turnaround the business as quickly as possible and pave a solid foundation to get out of the trough.

In the future, the Group will continue to actively resolve its debt issues and focus on the development of new growth drivers. In respect of debt issues, we will continue to further implement debt resolution proposals such as debt-for-equity swaps. In respect of new businesses, GOME Automobile Experience Hall will continue to uphold the business vision of "empowering the industry, serving customers, activating the market and creating value", and achieve horizontal expansion and vertical penetration across the country, so as to promote innovation and transformation of the automobile retail model, and integrate quality channel resources to empower the industry and to create a win-win situation with our partners.

In July 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China put forward requirements for economic growth throughout the year, re-emphasised the active expansion of domestic demand, and historically proposed equal treatment of the public and non-public economies. With clear and positive encouragement on the private economy, it also further clarified the comprehensive relaxation of real estate regulations. Subsequently, the meeting of the Political Bureau of the Central Committee proposed that "macro-economic policies must continue to be vigorous and more effective", "more efforts should be made to promote large-scale equipment updates and the replacement of old bulk durable consumer goods", and emphasised that "we must concentrate on boosting consumption to expand domestic demand, and the focus of economic policies must shift more to benefiting people's livelihood and promoting consumption". The management expects that more active policies will be introduced in the second half of the year to support the steady recovery of the economy, and industry development will also bottom out and rebound. The external environment for the Group's business development is expected to be improved. The Company's management will pay close attention to capture this favourable opportunities by continue to refine itself, integrate its resources and improve business collaboration, in order to create direct operational contributions. In addition, we also look forward to continuing to cooperate with more business partners to empower each other and facilitate the upgrading and iteration of the retail industry to meet the demand of Chinese families in pursuiting for better lives.

INTERIM DIVIDEND AND DIVIDEND POLICY

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

1) On 28 May 2024, the Company completed the issuance of 128,640,000 conversion shares to a bondholder at HK$1.24 per share for the partial settlement of the bonds held by the bondholder in the principal amount of RMB145,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company is committed to upholding good corporate governance practices. Following the resignation of Ms. Dong Xiao Hong and until the appointment of Ms. Wei Ting on 30 August 2024, the Company has a single gender board which does not meet the diversity requirement under Rule 13.92 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Save as disclosed above, for the six months ended 30 June 2024, the Company was in compliance with the code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules. Upon specific enquiries made by the Company, all directors of the Company have confirmed their compliance with the Model Code during the period under review.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the interim results of the Company, together with the internal control and financial reporting matters of the Group, which includes the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024.

PUBLICATION INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement will be published on the websites of the Stock Exchange and the Company (www.gome.com.hk). The 2024 Interim Report will also be published on the websites of the Stock Exchange and the Company and will be despatched to the shareholders of the Company.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders and business partners for their support to the Group and to extend my appreciation to all staff members for their dedication and contribution throughout the period.

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

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Zou Xiao Chun, Mr. Ding Jiang Ning and Ms. Wei Ting as executive directors; Mr. Zhang Da Zhong as non-executive director; and Mr. Wang Gao, Mr. Lui Wai Ming and Mr. Liu Yin Hong as independent non-executive directors.

* *For identification purpose only*