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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)

QUARTERLY UPDATE ON IMPLEMENTATION OF ACTION PLAN TO RESOLVE AUDITOR'S DISCLAIMER OF OPINION

Reference is made to the annual report of GOME Retail Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 ("**FY2024**") published on 30 April 2025 (the "**Annual Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Annual Report.

The board of directors (the "**Board**") of the Company wishes to provide shareholders of the Company and potential investors with the latest update on the Group.

As disclosed in the Annual Report, the auditor of the Company did not express an opinion on the consolidated financial statements of the Group for FY2024 (the "**Disclaimer of Opinion**") due to multiple uncertainties relating to going concern, the details of which are set out on pages 65 to 66 of the Annual Report. The Company proposed to implement the action plan as set out on page 60 of the Annual Report (the "**Action Plan**") to address the Disclaimer of Opinion.

The Company wishes to provide updates on the implementation of the Action Plan, since 30 April 2025, being the date of publication of the Annual Report, and up to the date of this announcement, as follows:

(i) *conversion of the debts from certain suppliers, service providers, landlords, financial institutions and convertible bond holders or other creditors in converting their debt to shares of the Company*

The Company has preliminarily reached agreements with two major suppliers for debt-to-equity swaps of approximately RMB537 million. As at the date of this announcement, the Company is negotiating the terms of the agreements with the relevant suppliers.

Taking reference from the debt-to-equity swap arrangements with suppliers, the same debt-to-equity swap arrangement has also been proposed to a technical service provider. As at the date of this announcement, the Company has reached a debt-to-equity swap agreement with the technical service provider. The service provider will continue to provide technical system services to the Group.

The Company has reached an agreement with a financial institution on the debt-to-equity swap arrangement, and the total debt-to-equity amount involved is RMB550 million. As at the date of this announcement, the Company is negotiating the terms of the agreement with the financial institution.

(ii) negotiation with convertible bond holders for restructuring the convertible bonds

The Company has reached a repayment agreement with JD.com ("**JD**"), holder of outstanding convertible bonds. The relevant transaction plan was announced in the circular dated 30 June 2025, and officially took effect after being approved with 99.99% of votes at the Company's special general meeting on 17 July 2025 (refer to the announcement on that day). Both parties are currently progressing with the transfer of the relevant assets as stipulated in the agreement.

The Company has provided to Pinduoduo ("**PDD**"), holder of outstanding convertible bonds of US$200 million, with a list of assets that may be used for such settlement arrangement and PDD is currently evaluating such assets and conducting preliminary due diligence work. The Company has continued its discussions with PDD with an aim to reach an agreement on the debt resolution plan as soon as practicable.

(iii) renewal and extension of the repayment due date of existing secured borrowings from financial institutions upon maturity

As mentioned above, a preliminary debt-to-equity swap arrangement has been reached for a RMB550 million loan with a financial institution. As at the date of this announcement, the Company is negotiating with the financial institution on the terms of the agreement. The Company has also continued to negotiate with other financial institutions on similar repayment or settlement solutions. For financial institutions that are unwilling to accept the debt-to-equity swap arrangement, the Company is discussing with them to gradually resolve the historical debt issue by cash repayment and/or other means, after completion of the debt-to-equity swap arrangements with financial institutions that accepted such proposal, the basic recovery of the Company's operations, cash flow of the Company has improved, or the Company's property assets have been effectively disposed of and realised.

(iv) negotiation with lenders for revising the loan covenants and not demanding immediate repayment of existing loan payables due to the breach of loan covenants

The Company has been actively negotiating with various financial institutions on its debt resolution plans and is hoping that the successful implementation of the debt-to-equity swap for the RMB550 million loan mentioned above will provide a good demonstrative effect for other financial institutions to consider and accept such debt resolution arrangement.

(v) negotiation with the major suppliers and service providers for reactivating the existing credit limit and resumption of supply of goods

At present, the supply chain of the Group has not yet been restored. As mentioned above, the Company has reached a preliminary debt-to-equity swap arrangement of approximately RMB537 million with two major suppliers. The Company will strive to complete the first batch of the debt-to-equity swap arrangement by the end of 2025 and restore part of the Company's supply chain.

(vi) sale of the Group's properties

The Group currently has three property projects and logistics bases that are available for sale in Shanghai, Xi'an and Chengdu, respectively. The Group has received an expression of interest from a potential buyer for the Chengdu property. As at the date of this announcement, the Company has reached an agreement in principle with the buyer and is preparing formal agreements while awaiting government approval for the transaction. Sale proceeds will primarily be used to repay loans from the financial institutions and project fees. The Company has been searching and will continue to search for potential buyers through direct approach to companies that have potential demand for commercial properties and logistics bases, and through intermediates who help to identify and introduce potential buyers.

(vii) other fund-raising

The Group has been in active negotiations with potential investors, in particular those with state-owned backgrounds, to invest in the Company in order to improve the Company's capital structure. As at the date of this announcement, no concrete or definitive agreement or memorandum of understanding have been entered into by the Group.

The Board will continue to use its best endeavours to implement the Action Plan with an aim to resolving the Disclaimer of Opinion as soon as possible. The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status of implementation of the Action Plan as and when appropriate.

By Order of the Board
GOME RETAIL HOLDINGS LIMITED
ZOU Xiao Chun
Executive Director

Hong Kong, 30 July 2025

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 and Mr. Wang Gao, Mr. Lui Wai Ming and Mr. Liu Yin Hong as independent non-executive directors.

* *For identification purpose only*