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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

2025 FINANCIAL HIGHLIGHTS

- Sales revenue of the Group during the year ended 31 December 2025 (the “Reporting Period”) was RMB538 million, representing an increase of 13.50% from RMB474 million for the corresponding period last year
- Gross profit was RMB25 million, a decrease of 66.22% from RMB74 million for the corresponding period last year
- Loss attributable to owners of the parent was RMB5,944 million, representing a decrease of 48.89% from RMB11,629 million for the corresponding period last year. By excluding non-operating items, the loss would become RMB939 million, decreased by 24.15% as compared with RMB1,238 million for the corresponding period last year
- Basic loss per share was RMB12.6 fen, as compared with RMB24.6 fen for the corresponding period last year
- Net cash flows used in operating activities was RMB25 million, as compared with RMB12 million for the corresponding period last year

The board of directors (the “Board”) of GOME Retail Holdings Limited (the “Company”) announces the results of the Company and its subsidiaries (the “Group” or “GOME”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>NOTES</i>	2025 RMB' 000	2024 RMB' 000
Revenue	5	538,055	473,816
Cost of sales	6	<u>(513,027)</u>	<u>(400,137)</u>
Gross profit		25,028	73,679
Other income and gains	5	499,364	1,055,262
Selling and distribution expenses		(209,481)	(283,402)
Administrative expenses		(759,526)	(1,188,737)
Impairment loss on goodwill		–	(62,208)
Impairment losses on financial assets		(965,311)	(1,342,510)
Impairment loss on right-of-use assets		(1,094,649)	(3,685,484)
Impairment loss on interests in associates		(73,345)	(201,847)
Other expenses and losses		(1,549,237)	(4,189,948)
Share of results of associates		<u>(17,842)</u>	<u>(21,874)</u>
Loss before finance income (costs) and tax		(4,144,999)	(9,847,069)
Finance costs	7	(1,813,115)	(1,993,264)
Finance income	7	<u>4,525</u>	<u>10,278</u>
Loss before tax	6	(5,953,589)	(11,830,055)
Income tax (charge) credit	8	<u>(15,761)</u>	<u>126,459</u>
Loss for the year		<u>(5,969,350)</u>	<u>(11,703,596)</u>
Attributable to:			
Owners of the parent		(5,943,736)	(11,629,391)
Non-controlling interests		<u>(25,614)</u>	<u>(74,205)</u>
		<u>(5,969,350)</u>	<u>(11,703,596)</u>
Loss per share attributable to ordinary equity holders of the parent	<i>10</i>		
Basic		<u>(RMB12.6 fen)</u>	<u>(RMB24.6 fen)</u>
Diluted		<u>(RMB12.6 fen)</u>	<u>(RMB24.6 fen)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year	<u>(5,969,350)</u>	<u>(11,703,596)</u>
Other comprehensive (expense) income		
Change in fair value of financial assets at fair value through other comprehensive income, net of tax that will not be reclassified to profit or loss in subsequent periods	(26,010)	13,532
Losses on asset revaluation for change in use from owner-occupied properties to investment properties, net of tax that will not be reclassified to profit or loss in subsequent periods	<u>(48,839)</u>	<u>(31,584)</u>
	(74,849)	(18,052)
Other comprehensive income from long-term equity investments accounted for using the equity method may be reclassified to profit or loss in subsequent periods	667	483
Exchange differences on translation of financial statements that may be reclassified to profit or loss in subsequent periods	<u>(205,067)</u>	<u>350,403</u>
Other comprehensive (expense) income for the year, net of tax	<u>(279,249)</u>	<u>332,834</u>
Total comprehensive expense for the year	<u><u>(6,248,599)</u></u>	<u><u>(11,370,762)</u></u>
Attributable to:		
Owners of the parent	(6,222,985)	(11,296,557)
Non-controlling interests	<u>(25,614)</u>	<u>(74,205)</u>
	<u><u>(6,248,599)</u></u>	<u><u>(11,370,762)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property and equipment		2,488,591	3,861,701
Investment properties		3,763,175	4,183,268
Right-of-use assets		5,864,704	7,673,367
Goodwill		–	–
Other intangible assets		–	–
Interests in associates		43,610	134,130
Financial assets at fair value through other comprehensive income		510	26,520
Financial assets at fair value through profit or loss		1,550,487	1,789,688
Prepayments, other receivables and other assets		137,062	148,186
		<u>13,848,139</u>	<u>17,816,860</u>
Total non-current assets			
Current assets			
Inventories		62,345	119,771
Trade receivables	<i>11</i>	10,805	91,375
Prepayments, other receivables and other assets		1,315,348	2,419,601
Due from related companies		140,651	329,100
Financial assets at fair value through profit or loss		244,819	243,945
Pledged bank deposits and restricted cash		39,329	59,538
Cash and cash equivalents		56,145	49,163
		<u>1,869,442</u>	<u>3,312,493</u>
Total current assets			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2025*

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities			
Trade and bills payables	<i>12</i>	4,535,581	5,107,155
Other payables and accruals		12,754,805	11,737,423
Due to related companies		313,018	307,821
Lease liabilities		7,690	21,009
Interest-bearing bank and other borrowings	<i>13</i>	23,562,894	23,087,992
Tax payable		1,075,110	1,009,981
Total current liabilities		42,249,098	41,271,381
Net current liabilities		(40,379,656)	(37,958,888)
Total assets less current liabilities		(26,531,517)	(20,142,028)
Non-current liabilities			
Lease liabilities		3,370	11,060
Interest-bearing bank and other borrowings	<i>13</i>	6,273	99,909
Deferred tax liabilities		327,139	367,703
Total non-current liabilities		336,782	478,672
Net liabilities		(26,868,299)	(20,620,700)
Deficit			
Deficit attributable to owners of the parent			
Issued capital		1,082,460	1,082,460
Treasury shares		(444,985)	(444,985)
Reserves		(23,103,852)	(16,880,867)
		(22,466,377)	(16,243,392)
Non-controlling interests		(4,401,922)	(4,377,308)
Total deficit		(26,868,299)	(20,620,700)

Notes:

1. CORPORATE AND GROUP INFORMATION

GOME Retail Holdings Limited 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 the registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM10, Bermuda and principal place of business is Suite 2915, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activities of the Group are the operation and management of retail stores and online sales network for electrical appliances, consumer electronic products, liquor products and general merchandise, as well as the provision of franchise and management services and commission-based services to franchised store in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) 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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Going concern consideration

The Group incurred a loss of RMB5,969,350,000 for the year ended 31 December 2025 and the Group’s current liabilities exceeded its current assets by RMB40,379,656,000 as at 31 December 2025. The Group’s current liabilities amounted to RMB42,249,098,000, of which RMB23,562,894,000 represented interest-bearing bank and other borrowings as at 31 December 2025, while its cash and cash equivalents amounted to RMB56,145,000 as at 31 December 2025. As at 31 December 2025, the Group’s interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,569,167,000 in total, with the majority of them being in default or cross-default. Certain banks and other financial institutions had initiated legal actions against the Group on the overdue balances. In connection with certain legal proceedings relating to such overdue balances, the Group had received property preservation orders restricting the disposal of certain assets as at 31 December 2025 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2025. Furthermore, the suspension of supply of goods from certain major suppliers has significantly affected the Group’s operations. These conditions indicate the existence of a material uncertainty that may 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.

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:

2. BASIS OF PREPARATION (CONTINUED)

2.1 Going concern consideration (Continued)

1. *Restructuring of bank and other borrowings*

The Group has been actively negotiating with relevant banks and other creditors in respect of changes to borrowing terms, extension of repayment schedules and other restructuring arrangements, with a view to alleviating short-term liquidity pressure. With the coordination of relevant local authorities, the Group is seeking to obtain consents from certain banks for, among other things, (i) the renewal or extension of repayment due dates for existing secured bank borrowings; (ii) the implementation of debt-to-equity swap arrangements in respect of certain unsecured bank borrowings; and (iii) the provision of additional collateral over certain assets or properties of the Group in order to obtain additional funding or banking facilities to support working capital needs.

2. *Restructuring of trade and other payables*

The Group has been actively negotiating with suppliers, service providers and landlord for the settlement of overdue balances, including possible debt capitalisation and other restructuring arrangements.

3. *Restructuring of convertible bonds*

The Group has been actively negotiating with the convertible bond holders in respect of the repayment and restructuring of the overdue aggregate principal amount of US\$273,742,000 (equivalent to approximately RMB1,924,076,000), together with accrued and penalty interest, through various options, including extension of repayment terms, conversion of part of the outstanding amounts into shares of the Company and settlement through transfer of certain assets.

On 31 March 2025, the Group entered into an agreement with JD.com (“JD”) in relation to the settlement of the remaining outstanding bond principal and interest by way of (i) asset transfer and (ii) share issuance. As at the date of this announcement, the relevant transaction plan was approved at the special general meeting held on 17 July 2025, and the parties were progressing with the transfer of the relevant assets.

In addition, the Company has provided Pinduoduo, being the holder of US\$200 million outstanding convertible bonds, with a list of assets available for possible settlement arrangements. Pinduoduo was evaluating such assets and conducting due diligence, and discussions on a possible debt resolution plan were ongoing as at the date of this announcement.

4. *Sale of properties*

The Group has been actively seeking to dispose of certain investment properties in order to improve its liquidity position.

5. *Other fund-raising*

The Group has been actively seeking various fund-raising opportunities, including but not limited to placing issue 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.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Going concern consideration (Continued)

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 is in progress and related written contractual agreements are not yet finalised as at the date of approval for issuance of the consolidated financial statements, material uncertainties exist as to whether the management of 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 following: (i) successfully converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors into shares of the Company; (ii) successfully negotiating with convertible bond holders for restructuring the convertible bonds; (iii) successfully renewing and extending the repayment due date of existing secured bank borrowings upon maturity; (iv) successfully negotiating 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; (v) successfully selling the Group's properties at intended prices; and (vi) successfully achieving other fund-raising.

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.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangements with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income or loss are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income or loss is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following new and amendments to IFRS Accounting Standards issued by the IASB which are effective for the Group's financial year beginning 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability
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The application of the above new and amendments to IFRS Accounting Standards in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

In accordance with IFRS 8 Operating Segments, the Group operates as a single reportable operating segment. This determination reflects the integrated management of all business activities by the Chief Operating Decision Maker (CODM), who reviews financial performance and allocates resources on a consolidated basis. The Group's operations are homogeneous in nature, with no individual component meeting the quantitative thresholds for separate reporting. Entity-wide disclosures, including revenue by geographical region and type of goods or services, are provided in Note 5. Accordingly, no segment information by profit, assets and liabilities is presented.

Geographical information

All (2024: all) revenue of the Group was derived from customers in Mainland China and over 99% (2024: 99%) of the Group's non-current assets, other than financial instruments and deferred tax assets, were situated in Mainland China.

Information about major customers

During the year, there was no revenue derived from a single customer which accounted for 10% or more of the Group's revenue (2024: nil).

5. REVENUE, OTHER INCOME AND GAINS

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	<u>538,055</u>	<u>473,816</u>
Other income		
Gross rental income from investment property operating leases	101,414	111,485
Income from warehousing service	10,287	29,372
Income from store display services	–	3,531
Income from compensation and fines	–	4,792
Investment and financial management income	–	1,755
Government grants*	1,902	4,461
Commission income from platforms	–	2,571
Others	<u>30,504</u>	<u>14,448</u>
	<u>144,107</u>	<u>172,415</u>
Gains		
Gains from disposal of subsidiaries (under liquidation and deregistration process)	–	278,327
Gains on lease modifications and closing stores	383	110,165
Gains on disposal of financial assets at fair value	942	–
Gains on disposal of interests in associates	–	10,336
Gains on disposal of property and equipment	323,802	342,715
Gains on debt restructuring	–	141,304
Foreign exchange gain	15,550	–
Others	<u>14,580</u>	<u>–</u>
	<u>355,257</u>	<u>882,847</u>
	<u>499,364</u>	<u>1,055,262</u>

* 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 at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

Disaggregated revenue information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods or services		
Sales of liquor	366,266	370,154
Sales of electrical appliances and consumer electronic products	160,557	100,635
Sales of other commodities	4	3,027
Franchise and management service revenue	3,613	–
Commission income from Franchise store	7,615	–
	<u>538,055</u>	<u>473,816</u>
Geographical market		
Mainland China	<u>538,055</u>	<u>473,816</u>
Timing of revenue recognition		
Goods transferred at a point in time	526,827	473,816
Services transferred over time	11,228	–
	<u>538,055</u>	<u>473,816</u>

6. LOSS BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	511,990	445,953
Provision (reverse of provision) against inventories	1,037	(45,816)
Cost of sales	<u>513,027</u>	<u>400,137</u>
Depreciation of property and equipment	185,977	258,947
Depreciation of right-of-use assets	469,738	716,232
Amortisation of other intangible assets*	–	18,528
Research and development costs	1,315	731
Impairment losses on property and equipment***	157,118	447,539
Impairment loss on other intangible assets***	–	33,774

6. LOSS BEFORE TAX (CONTINUED)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Impairment losses (reverse of impairment) on financial assets:		
Impairment losses (reverse of impairment) on trade receivables	550	(2,930)
Impairment losses on financial assets included in prepayments, other receivables and other assets	881,225	390,338
Impairment losses on due from related companies	199,777	70,739
(Reverse of impairment) impairment losses on rebates receivables from suppliers	(5,931)	579,285
(Reverse of impairment) impairment losses on receivables from liquidated subsidiaries	(110,310)	305,078
	<u>965,311</u>	<u>1,342,510</u>
Losses (gains) from disposal of subsidiaries (under liquidation and deregistration process)***	39,931	(278,327)
Lease payments not included in the measurement of lease liabilities	9,909	24,951
Fair value losses on investment properties, net***	599,071	1,158,698
Provision for financial guarantee for bankrupted subsidiaries***	465,610	1,992,170
Provision for litigation expenses***	35,672	68,481
Losses on financial assets at fair value through profit or loss, net***	222,513	446,571
Foreign exchange differences, net***	(15,550)	4,938
Auditor's remuneration:		
Audit services	2,480	2,480
Non-audit services	–	800
Staff costs excluding Directors' and chief executive's remuneration:		
Wages, salaries and bonuses	92,079	147,765
Pension scheme contributions**	10,054	18,595
Social welfare and other costs	2,420	5,167
	<u>104,553</u>	<u>171,527</u>

Notes:

- * The amortisation of other intangible assets for the year is included in “Administrative expenses” in the consolidated statement of profit or loss.
- ** At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: nil).
- *** These items are included in “Other expenses and losses” and “Other income and gains” in the consolidated statement of profit or loss.

7. FINANCE (COSTS) INCOME

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

	2025 RMB'000	2024 <i>RMB'000</i>
Finance costs:		
Interest on bonds payable	(120,816)	(172,038)
Interest on bank and other borrowings	(11,795)	(112,751)
Penalty interest on bank and other borrowings	(1,679,430)	(1,704,459)
Interest on lease liabilities	(1,074)	(4,016)
	(1,813,115)	(1,993,264)
	2025 RMB'000	2024 <i>RMB'000</i>
Finance income:		
Bank interest income	953	4,906
Interest income from loans to third parties	3,572	5,372
	4,525	10,278

8. INCOME TAX (CHARGE) 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% (2024: 25%) on their respective taxable income. During the year, 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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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.

	2025 RMB'000	2024 <i>RMB'000</i>
Current tax charge for the year	(56,326)	(43,658)
Deferred tax credit for the year	40,565	170,117
Total tax (charge) credit for the year	(15,761)	126,459

9. DIVIDENDS

Pursuant to the board of directors' resolution dated 31 March 2026, the board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 47,310,080,000 (2024: 47,258,062,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of the impact of convertible bonds outstanding and awarded shares granted as these potential ordinary shares 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	<u><u>(5,943,736)</u></u>	<u><u>(11,629,391)</u></u>
	Number of shares	
	2025 <i>'000</i>	2024 <i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u><u>47,310,080</u></u>	<u><u>47,258,062</u></u>

11. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	86,107	166,127
Impairment	<u>(75,302)</u>	<u>(74,752)</u>
	<u><u>10,805</u></u>	<u><u>91,375</u></u>

All of the Group's sales are on a cash basis except for certain sales of merchandise which are credit sales. The credit period is generally one to three months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Management considers that there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are unsecured and non-interest-bearing.

11. TRADE RECEIVABLES (CONTINUED)

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	7,327	58,483
3 to 6 months	2,155	31,416
Over 6 months	1,323	1,476
	<u>10,805</u>	<u>91,375</u>

12. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables - unsecured	4,190,110	4,544,975
Trade payables - secured	338,830	562,180
Bills payable - secured	6,641	–
	<u>4,535,581</u>	<u>5,107,155</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	33,812	58,100
3 to 6 months	18,098	45,831
6 to 12 months	38,665	66,109
Over 12 months	4,445,006	4,937,115
	<u>4,535,581</u>	<u>5,107,155</u>

Certain of the Group's trade and bills payables are secured as follows:

- (i) certain of the Group's buildings situated in Mainland China which had an aggregate net carrying value at the end of the reporting period of RMB33,469,000 and RMB72,955,000 (2024: RMB168,666,000 and RMB72,955,000) were pledged as collateral and seized by the court, respectively;
- (ii) 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 RMB84,857,000 (2024: RMB53,936,000) were pledged as collateral;
- (iii) certain right-of-use assets of the Group located in Mainland China with an aggregate net carrying value at the end of the reporting period of RMB77,136,000 (2024: RMB78,906,000) were seized by the court; and
- (iv) certain pledged time deposits of the Group at the end of the reporting period of RMB6,641,000 (2024: nil).

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity*	RMB'000	Effective interest rate (%)	Maturity*	RMB'000
Current						
Bank loans – secured	4.50-4.55	2026	224,900 [#]	4.55	2025	10,000 [#]
Other loans – unsecured	–	2026	54,285	–	2025	66,618
Bonds payable – unsecured	5.00-7.00	2026	100,594	7.00-7.80	2025	10,922
Bonds payable – unsecured	5.00-8.00	2022-2025	2,524,263 [#]	7.00-8.00	2022-2024	2,454,849 [#]
Bank loans – secured	4.58-18.00	2022-2025	14,457,021 [#]	3.75-18.00	2022-2024	16,447,129 [#]
Bank loans – unsecured	8.85-10.50	2022-2025	44,285 [#]	8.85-10.50	2022-2024	42,209 [#]
Other loans – secured	3.75-18.00	2022-2025	6,147,546 [#]	5.00-18.00	2022-2024	4,046,265 [#]
Bank loans – secured	N/A	N/A	N/A	5.00	2027	10,000 [#]
Other loans – secured	5.00	2027	10,000 [#]	N/A	N/A	N/A
			<u>23,562,894</u>			<u>23,087,992</u>
Non-current						
Bonds payable – unsecured	5.00	2027-2034	<u>6,273</u>	7.00	2026	<u>99,909</u>
			<u>2025</u>			<u>2024</u>
			<u>RMB'000</u>			<u>RMB'000</u>
Analysed into:						
Bank loans repayable:*						
Within one year			14,726,206			16,499,338
In the third to fifth years, inclusive			–			10,000
			<u>14,726,206</u>			<u>16,509,338</u>
Other borrowings repayable:*						
Within one year			8,826,688			6,578,654
In the second year			10,349			99,909
In the third to fifth years, inclusive			2,091			–
Beyond five years			<u>3,833</u>			<u>–</u>
			<u>8,842,961</u>			<u>6,678,563</u>

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

Mature or default or cross default.

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

- (i) Certain of the Group's bank and other borrowings are secured as follows:
 - (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 RMB1,886,656,000 and RMB64,302,000 (2024: RMB3,049,670,000 and RMB126,136,000) were pledged as collateral and seized by the court, respectively;
 - (b) 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 RMB3,625,485,000 and RMB52,834,000 (2024: RMB4,121,288,000 and RMB8,044,000) were pledged as collateral and seized by the court, respectively;
 - (c) 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 RMB128,820,000 (2024: RMB188,925,000) were pledged as collateral;
 - (d) certain of the Group's investments in associates of nil (2024: RMB50,430,000) were pledged as collateral; and
 - (e) certain of the Group's financial assets at fair value through profit or loss with an aggregate fair value of RMB243,500,000 (2024: RMB241,842,000) were frozen by the court.
- (ii) Except for the bonds payable denominated in USD with carrying amounts of RMB2,381,806,000 (2024: RMB2,330,444,000), all the Group's bank and other borrowings are denominated in RMB at the end of the reporting period.
- (iii) During the year ended 31 December 2025, the Group has redeemed, renewed and cancelled certain corporate bonds of RMB349,000, RMB6,621,000 and RMB300,000 (2024: nil, nil and nil) upon its maturity.

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 is HK\$1.215 per share. Assuming that the conversion rights have been exercised in full, 1,283,950,617 new shares of the Company will 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 changed 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 is HK\$1.255 per share. Assuming that the conversion rights have been exercised in full, 621,513,944 new shares of the Company will be allotted and issued. The issuance 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 changed 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.

14. CONVERTIBLE BONDS (CONTINUED)

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 31 December 2025 and 2024, the fair value of the derivative embedded was nil.

On 27 December 2023, the Group entered into an agreement with JD in relation to the partial settlement of the bonds payable. Pursuant to the agreement, the Group sold 21.6495% of the 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”) 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. Gain on settlement of RMB151,640,000 was recognised. Such gain related only to the portion of the JD convertible bonds settled under the above arrangement and did not represent full settlement of all outstanding convertible bonds of the Group.

Following the above partial settlement, as at 31 December 2025, the remaining outstanding balance under the JD convertible bonds, including principal and accrued and penalty interests, remained unpaid. On 31 March 2025, the Group entered into a further settlement arrangement with JD in relation to the remaining outstanding principal amount of the bonds payable and accrued and penalty interests by way of (i) asset transfer; and (ii) share issue. Details of the transaction are set out in the announcement and the circular issued by the Company on 31 March 2025 and 30 June 2025, respectively. The relevant transaction plan was approved at the Company’s special general meeting held on 17 July 2025. As at 31 December 2025 and up to the date of this announcement, the relevant settlement arrangement remained in progress.

Separately, the Pinduoduo convertible bonds were subject to a different debt resolution arrangement and were not part of the above JD settlement. During the Reporting Period, the Company provided Pinduoduo with a list of assets that may be used for such settlement arrangement, and Pinduoduo is currently evaluating such assets and conducting preliminary due diligence work. The Company has continued its discussions with Pinduoduo with an aim to reach an agreement on the debt resolution plan as soon as practicable.

15. SUBSEQUENT EVENTS

On 23 March 2026, the Company completed the allotment and issue of shares under a specific mandate for debt capitalisation, comprising: (i) 21,618,533,333 shares issued in settlement of RMB290 million due under the debt-to-equity swap arrangement with 上海金鉞鼎企業服務有限公司 (Shanghai Jinboding Enterprise Services Co., Ltd.*); and (ii) 3,489,819,180 shares issued in settlement of RMB47 million of overdue other payables under the debt-to-equity swap arrangement with China TaiYue Technology Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the 12 months ended 31 December 2025 (the “Reporting Period”), GOME Retail Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “GOME”) operated in an extremely complex environment. Staying true to our mission of “Better homes and lifestyles through GOME,” we focused on our core retail and home services businesses, advancing three strategic pillars: Debt Resolution, Asset-Light Transformation, and New Business Cultivation. Despite the difficulties, we persevered and achieved tangible progress.

During the Reporting Period, the external environment remained challenging, with uncertain external demand and uneven domestic recovery. However, the Group’s industry gradually emerged from its downturn, showing signs of recovery supported by sustained national consumption policies. The Group seized this policy window – continuing to work on debt resolution to restore credit and supply chain relationships, while advancing our asset-light transformation centred on franchising, quasi-franchising, and online platforms. We also pursued new initiatives like instant warehouses. These efforts drove year-on-year improvements in revenue and profit, restoring confidence in our recovery.

In 2025, the Group recorded sales revenue of RMB538 million, increased by 13.50% from RMB474 million for the corresponding period last year. Gross profit was RMB25 million, decreased by 66.22% from RMB74 million for the corresponding period last year. The operating expenses (including selling and distribution expenses and administrative expenses) amounted to RMB969 million, as compared with RMB1,472 million for the corresponding period last year. The Group’s other expenses and losses were RMB1,549 million, as compared with RMB4,190 million for the corresponding period last year. Net finance costs were RMB1,809 million, as compared with RMB1,983 million for 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 RMB5,944 million, decreased by 48.89% from RMB11,629 million for the corresponding period last year. By excluding non-operating items, the loss would become RMB939 million, decreased by 24.15% as compared with RMB1,238 million for the corresponding period last year.

In 2025, domestic economic growth met expectations. External pressures eased temporarily, and policy support moderated in the second half. Nonetheless, stimulus measures – such as trade-in programmes for consumer goods and equipment upgrades – continued and expanded throughout the year. Consumption of durables like home appliances showed clear signs of bottoming out. Benefiting from a supportive policy environment, resolute strategic execution by management, and the dedication of our employees, the Group achieved a bottoming-out recovery in operating performance. Significant progress in debt resolution laid a critical foundation for returning to a path of sustainable growth.

FINANCIAL REVIEW

Revenue

During the Reporting Period, as a result of the suspension of supply of goods from certain major suppliers as a result of the debt issues of the Group, the change in the Group's strategies by focusing on its core business and the streamlining of its business operations, sales revenue increased by 13.50% to RMB538 million during the Reporting Period, as compared with RMB474 million for the corresponding period last year.

Cost of sales and gross profit

During the Reporting Period, cost of sales for the Group was RMB513 million, accounting for 95.35% of the total sales revenue, as compared with 84.39% for the corresponding period last year. The Group's gross profit was RMB25 million, decreased by 66.22% as compared with RMB74 million for the corresponding period last year. Gross profit margin was 4.65%, decreased by 10.96 percentage points as compared with 15.61% for the corresponding period last year. The decrease in gross profit margin was mainly due to different product mix during the Reporting Period.

* Gross profit margin = gross profit/revenue

Other income and gains

During the Reporting Period, the Group recorded other income and gains of RMB499 million, decreased by 52.70% as compared with RMB1,055 million for the corresponding period last year, mainly due to, the decrease in gains from lease modifications and closing stores, debt restructuring and the disposal of subsidiaries (under liquidation and deregistration process) during the Reporting Period.

Selling and distribution expenses

During the Reporting Period, the Group's total selling and distribution expenses amounted to RMB209 million, decreased by 26.15% as compared with RMB283 million for the corresponding period last year. The decrease in selling and distribution expenses was mainly due to rental expenses decreased from RMB6 million for the corresponding period last year to RMB3 million; staff related expenses decreased from RMB78 million for the corresponding period last year to RMB30 million; depreciation decreased from RMB163 million for the corresponding period last year to RMB140 million.

Administrative expenses

During the Reporting Period, administrative expenses of the Group were RMB760 million, decreased by 36.08% as compared with RMB1,189 million for the corresponding period last year. Among which, staff related expenses decreased from RMB100 million for the corresponding period last year to RMB83 million, mainly as a result of the decrease in head count; depreciation decreased from RMB789 million for the corresponding period last year to RMB515 million; consulting service fees decreased from RMB111 million for the corresponding period last year to RMB55 million; accrued litigation expenses decreased from RMB80 million for the corresponding period last year to RMB15 million.

Impairment loss on goodwill

During the Reporting Period, the Group did not record impairment loss on goodwill, as compared with RMB62 million recorded for the corresponding period last year. The significant decrease is due to goodwill was fully impaired last year.

Impairment losses on financial assets

During the Reporting Period, the Group recorded impairment losses on financial assets of RMB965 million, decreased by 28.15% as compared with RMB1,343 million for the corresponding period last year.

Among which, the Group recognised an impairment loss of RMB1 million, RMB881 million and RMB200 million, and impairment losses reversal of RMB6 million and RMB110 million for trade receivables, other receivables, amounts due from related companies, insignificant individual receivable from suppliers, and receivables from liquidated subsidiaries, respectively, based on historical credit loss rates derived from past settlement records, overdue status and current economic conditions.

Impairment loss on right-of-use assets

During the Reporting Period, the Group recorded impairment loss on right-of-use assets of RMB1,095 million, decreased by 70.28% as compared with RMB3,685 million for the corresponding period last year.

As affected by the overall domestic economic situation, the downward pressure on the leasehold property market has exacerbated. Taking into consideration of above factors and cashflow position of the Group, the management revisited the future assumptions for GOME Commercial Capital, No. 9 Xiangjiang and Pengrun Building (collectively, the “Properties”). The Group has engaged independent external valuers to prepare the valuation reports for the Properties. The key parameters used in valuation are as follows: the pre-tax discount rate applied to the cash flow projections was 7% (2024: 7%). The growth rate used to extrapolate the cash flows of the cash generating unit is 1.5% (2024: 1.6%). There was no change in valuation method during the Reporting Period. In this connection, the Group made impairment of RMB1,095 million for these Properties.

Impairment loss on interests in associates

During the Reporting Period, the Group made an impairment loss on interests in associates of RMB73 million with reference to latest underlying performance and its quoted market price, as compared with RMB202 million for the corresponding period last year.

Other expenses and losses

During the Reporting Period, the Group recorded other expenses and losses of RMB1,549 million, decreased by 63.03% as compared with RMB4,190 million for the corresponding period last year.

Among which, based on the valuation reports prepared by an independent external valuer, impairment loss of RMB157 million was recognised for certain property and equipment, and a fair value loss of RMB599 million was recognised for investment properties. The recoverable amounts were determined as the higher of fair value less costs of disposal and value in use, calculated based on cash flow projections derived from management-approved financial budgets. Additionally, during the Reporting Period, the provision for financial guarantee for bankrupted subsidiaries of RMB466 million, loss on financial assets at fair value through profit or loss of RMB223 million, loss from disposal of subsidiaries (under liquidation and deregistration process) of RMB40 million and litigation expenses of RMB36 million were recognised.

Net finance (costs) income

During the Reporting Period, the Group's net finance costs (finance income less finance costs) were RMB1,809 million, as compared with net finance costs of RMB1,983 million for the corresponding period last year.

Income tax (charge) credit

During the Reporting Period, the Group's income tax charge amounted to RMB16 million, as compared with an income tax credit of RMB126 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 RMB5,944 million, decreased by 48.89% as compared with RMB11,629 million for the corresponding period last year. During the Reporting Period, the Group's basic loss per share was RMB12.6 fen, as compared with RMB24.6 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 were RMB56 million, which were mainly denominated in Renminbi and the rest in HK dollars and other currencies, as compared with RMB49 million as at the end of 2024. The increase in the cash and cash equivalents position was mainly due to proceeds from disposal of investment properties, financial assets and property and equipment, and offset by repayments of bank and other borrowings during the Reporting Period.

Inventories

As at the end of the Reporting Period, the Group's inventories amounted to RMB62 million, decreased by 48.33% as compared with RMB120 million as at the end of 2024. As a result of the decrease in inventories, inventory turnover days decreased by 82 days from 147 days for the corresponding period last year to 65 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 RMB1,315 million, decreased by 45.66% from RMB2,420 million as at the end of 2024. The decrease was mainly due to the increase in impairment provisions and the decrease in other receivables during the Reporting Period.

Trade and bills payables

As at the end of the Reporting Period, trade and bills payables of the Group amounted to RMB4,536 million, decreased by 11.18% as compared with RMB5,107 million as at the end of 2024. As a result of the decrease in trade and bills payable amount and increase in cost of sales during the Reporting Period, turnover days of trade and bills payables decreased by 1,129 days from 4,559 days for the corresponding period last year to 3,430 days.

Capital expenditure

During the Reporting Period, capital expenditure (relating to property and equipment) incurred by the Group amounted to RMB1 million, representing a 66.67% decrease as compared with RMB3 million for the corresponding period last year.

Cash flows

During the Reporting Period, mainly due to, among others, the changes in inventories, trade receivables, prepayments, other receivables and other assets, trade and bills payables and other payables and accruals, the Group's net cash flows used in operating activities was RMB25 million, as compared with net cash flows used of RMB12 million for the corresponding period last year.

As a result of the disposal of property and equipment, financial assets and investment properties, net cash flows from investing activities were RMB56 million, as compared with RMB253 million generated for the corresponding period last year.

During the Reporting Period, net cash flows used in financing activities amounted to RMB24 million, as compared with RMB258 million used for the corresponding period last year. The net cash outflows from financing activities were mainly due to the new borrowings raised offset by the repayment of interest-bearing bank and other borrowings during the Reporting Period.

Dividend and dividend policy

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 so as to preserve capital for funding needs of the Group.

The actual payout ratio in a financial year will be determined at the Board's full discretion, after taking into account, among other considerations, the working capital requirement of the Group, business environment, availability of investment and acquisition opportunities.

Legal proceedings, contingent liabilities and capital commitments

As at the end of the Reporting Period, the Group had capital commitments of RMB478 million and the Group did not make any material third party guarantee except for the provision for financial guarantee for bankrupted subsidiaries.

During the Reporting Period, 12 subsidiaries of the Group received court orders to be liquidated. Related total assets and net assets of these 12 subsidiaries were RMB1,101 million and RMB250 million, respectively, in aggregate. In February 2026, 3 subsidiaries of the Group received court orders to proceed with winding-up proceedings. Related total assets and net assets of these 3 subsidiaries were RMB1,182 million and RMB80 million, respectively.

As at 31 December 2025, the principal amounts and carrying amounts of the Group's overdue interest-bearing bank and other borrowings amounted to RMB17.2 billion and RMB23.2 billion, respectively. The Group has been in active negotiations with relevant banks and interested parties on, amongst others, change of contractual terms or extension of the loan tenor, with an aim to reach mutually agreed settlement terms. Besides, the Group was involved in a total of 605 pending litigation cases, with an aggregate amount in dispute of RMB4.6 billion, of which RMB3.6 billion related to pending litigation cases involving banks and financial institutions. There were also 1,672 court-adjudicated cases involving an aggregate amount of RMB17.1 billion.

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 were mainly funded by cash on hand, proceeds from disposals of property and equipment, financial assets and investment properties.

As at 31 December 2025, the total borrowings of the Group comprised of interest-bearing bank loans, other loans, corporate bonds and convertible bonds, which are repayable within 1 year except for certain corporate bonds as detailed below.

The interest-bearing bank loans and other loans comprised:

	Fixed rate <i>RMB'000</i>	Floating rate <i>RMB'000</i>	Total <i>RMB'000</i>
Denominated in RMB	18,701,833	2,236,204	20,938,037

The corporate bonds comprised:

- (1) corporate bonds issued in 2018, renewed in 2020 with an aggregate nominal value of RMB101 million issued at a fixed coupon rate of 7.8% per annum with renewal term of 4 years. The Group shall be entitled to adjust the coupon rate and 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, 2023 and 2025 with an aggregate nominal value of RMB7 million issued at a fixed coupon rate of 5% per annum with renewal term of 9 years; and
- (3) corporate bonds issued in 2020, renewed in 2023 with an aggregate nominal value of RMB100 million issued at a fixed coupon rate of 7% per annum with a term of 3 years.

Outstanding convertible bonds comprised:

- (1) 5% convertible bonds due 2023 in the aggregate principal amount of US\$200 million issued in April 2020. As at 31 December 2025, 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 2023 in the aggregate principal amount of US\$100 million issued in June 2020. As at 31 December 2025, the outstanding principal amount of the bonds 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 31 December 2025, the debt to total deficit ratio was 87.72% as compared with 112.45% last year, which was expressed as a percentage of interest-bearing bank and other borrowings amounted to RMB23,569 million over total deficit amounted to RMB26,868 million, the debt ratio was 149.95% as compared with 109.74% last year, which was expressed as a percentage of interest-bearing bank and other borrowings over total assets amounted to RMB15,718 million.

Charge on group assets

As at 31 December 2025, the Group's secured trade and bills payable and interest-bearing bank loans and other borrowings amounted to RMB345 million and RMB20,839 million, respectively. Among which, trade and bills payables were secured by the Group's property and equipment, investment properties and pledged time deposits with carrying amounts of RMB33 million, RMB85 million and RMB7 million, respectively. Interest-bearing bank loans and other borrowings were secured by the Group's property and equipment, investment properties and right-of-use assets with carrying amounts of RMB1,887 million, RMB3,625 million and RMB129 million, respectively. Apart from the charged assets, the Group's property and equipment, investment properties, right-of-use assets and financial assets at fair value through profit or loss with carrying amounts of RMB137 million, RMB53 million, RMB77 million and RMB244 million, respectively, have been seized/frozen by the courts.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 364 (2024: 606) employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees, including directors of the Company (the “Directors”), is determined with reference to their performance and the prevailing salary levels in the market.

OUTLOOK AND PROSPECTS

Despite the hard-won progress achieved in 2025, the Company still faces challenges in fully emerging from difficulties and returning to steady growth. Looking ahead to 2026, management maintains a cautiously optimistic outlook and will continue to:

1. Prioritise risk resolution: Debt resolution remains a top priority for management. We will maintain open communication with creditors, pursue diversified solutions, and strive to fundamentally reduce financial burdens and restore a healthy balance sheet.

2. Drive strategy execution with focus: We will steadfastly implement our asset-light development strategy. Online, we will build a closed-loop omni-channel matrix integrating internal and external platforms, driven by blockbuster products and comprehensive traffic aggregation. Offline, we will continue to optimise and rapidly replicate our franchise network, with an emphasis on expanding community stores and city experience centres.

3. Actively capture policy and market opportunities: 2026 marks the first year of the nation’s 15th Five-Year Plan. We will closely align with and leverage national policies aimed at expanding domestic demand and boosting consumption, deepening the recovery of our core retail business. At the same time, we will strategically invest resources to explore and scale new businesses, cultivating medium – to long-term growth momentum.

4. Strengthen lean management and synergy across the Group: We will deepen lean management practices, optimise our cost structure, and enhance synergies between online and offline operations and across business segments to improve overall operational efficiency and risk resilience.

Management is confident that, with a clear strategy, disciplined execution, and the dedication of all employees, GOME can seize the historic opportunities presented by the recovery and upgrading of the consumer market, overcome current challenges, and steadily fulfill its commitment to creating long-term value for shareholders and society.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to upholding good corporate governance practices. For the year ended 31 December 2025, the Company was in compliance with the code provisions of the Corporate Governance Code as set out 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”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made due and careful enquiry, the Company confirms that all Directors have complied with the Model Code during the year ended 31 December 2025.

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto as set out in the preliminary announcement have been agreed by the Group’s auditor, KTC Partners CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 March 2026. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KTC Partners CPA Limited on the preliminary announcement.

AUDIT OPINION

The consolidated financial statements have been audited by the Group’s auditor, KTC Partners CPA Limited. The independent auditor has issued a disclaimer of opinion with a basis of multiple uncertainties relating to going concern in the auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025. An extract of the independent auditor’s report is set out in the section headed “EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT” below.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025 which has included a disclaimer of opinion:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation relating to the assessment on the appropriateness of the going concern basis of preparing the Consolidated Financial Statements

As described in note 2.1 to the consolidated financial statements, the Group incurred a loss of RMB5,969,350,000 for the year ended 31 December 2025 and the Group's current liabilities exceeded its current assets by RMB40,379,656,000 as at 31 December 2025. The Group's current liabilities amounted to RMB42,249,098,000, of which RMB23,562,894,000 represented interest-bearing bank and other borrowings as at 31 December 2025, while its cash and cash equivalents amounted to RMB56,145,000 as at 31 December 2025. As at 31 December 2025, the Group's interest-bearing bank and other borrowings, including bonds, bank loans, and other borrowings, amounted to RMB23,569,167,000 in total, with the majority of them being in default or cross-default. Certain banks and other financial institutions have initiated legal actions against the Group on the overdue balances. Under certain legal proceedings in relation to the overdue balances, the Group received property preservation orders restricting the disposition of certain assets as at 31 December 2025 and the withdrawal of the restricted bank deposits during the year. In addition, a number of civil claims or lawsuits have been filed by civil litigants against the Group as at 31 December 2025. Furthermore, the suspension of supply of goods from certain major suppliers has significantly impacted the Group's operations. These conditions, together with other matters disclosed in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which casts 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.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of the consolidated financial statements which takes into account the plans and measures being taken by the Group to improve the Group's liquidity and financial position as set out in note 2.1 to the consolidated financial statements. Based on the assessment made by the directors of the Company, assuming that the plans and measures will be successfully implemented or executed as scheduled, the directors are of the view that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful eventual outcome of the abovementioned plans and measures, which are subject to significant uncertainties, including whether:

- (i) successfully converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors into shares of the Company;
- (ii) successfully negotiating with convertible bond holders for restructuring the convertible bonds;
- (iii) successfully renewing and extending the repayment due date of existing secured bank borrowings upon maturity;
- (iv) successfully negotiating 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;

- (v) successfully selling the Group's properties at intended prices; and
- (vi) successfully achieving other fund-raising.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern. We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management to us in relation to its plans and measures, which involve future actions, in its going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments were necessary.

THE BOARD AND THE AUDIT COMMITTEE'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

The fundamental reason for the disclaimer of audit opinion (the "Disclaimer") made by the independent auditor for the current year is the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. Even though the Group has taken steps and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 2.1 to the consolidated financial statements, 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 following: (i) successfully converting the debts from certain suppliers, service providers, landlords, banks and convertible bond holders or other creditors into shares of the Company; (ii) successfully negotiating with convertible bond holders for restructuring the convertible bonds; (iii) successfully renewing and extending the repayment due date of existing secured bank borrowings upon maturity; (iv) successfully negotiating 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; (v) successfully selling the Group's properties at intended prices; and (vi) successfully achieving other fund-raising. Given the execution of the plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issue of the consolidated financial statements, in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, Messrs. KTC Partners CPA Limited is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and Messrs. KTC Partners CPA Limited disclaims its opinion on the consolidated financial statements of the Group in respect of year ended 31 December 2025.

The audit committee of the Company (the "Audit Committee") has reviewed the Disclaimer for the current year and has agreed with the basis thereof. The management has reviewed the impact of the Disclaimer on the Group and considers that it does not have significant impact on the Group's daily operation subject to successful outcome of the measures as set out in note 2.1. There was no disagreement between the views of the Audit Committee and the management in respect of (i) the Disclaimer and (ii) the Company's plan to address the Disclaimer.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Lui Wai Ming, Mr. Wang Gao and Mr. Liu Yin Hong (being the independent non-executive directors of the Company). The Audit Committee assists the Board in providing an independent review on the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2025.

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

- (1) In May and June 2025, corporate bonds issued by the Group in 2018, an aggregate principal amount of RMB300,000 was cancelled; and
- (2) In February 2025, principal amounts of RMB349,000 and RMB6,621,000 for corporate bonds issued by the Group in 2019 with a fixed coupon rate of 5% per annum and a renewal term of 9 years, were redeemed and renewed, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange and the Company (www.gome.com.hk). The 2025 Annual Report will also be published on the Stock Exchange's website and the Company's website 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
Zou Xiao Chun
Executive Director

Hong Kong, 31 March 2026

As at the date of this announcement, the Board of the Company 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