GOME RETAIL HOLDINGS LIMITED

國美零售控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by GOME Retail Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that during the three-month period ended 31 March 2019 (the "**Reporting Period**"), the Group continued to actively embark on a path in pursue of a retail era with GOME's characteristics and strive to transform itself into an integrated home solution, service solution and supply chain provider based on its strategy of "Home • Living". Based on the preliminary review of the latest management accounts of the Group, during the Reporting Period, the total gross merchandise volume ("**GMV**") of the Group for both online and offline operations is expected to grow by approximately 5% as compared with the corresponding period last year, among which GMV from ME Shop is expected to grow by more than 200%, service GMV is expected to grow by more than 30%, GMV from smart products is expected to grow by more than 50% and GMV from new businesses such as home solution and integration of kitchen cabinets with electrical appliances is expected to grow by more than 100%. As of 31 March 2019, the Group had sufficient capital with cash and cash equivalents expected to be more than RMB10,000 million.

During the Reporting Period, the sales revenue of the Group is expected to increase by approximately 1.5% as compared with the corresponding period last year. The consolidated gross profit margin is expected to exceed 17%. The operating expenses ratio is expected to remain stable as compared with the corresponding period last year, and the financial costs stood at a relatively high level. Taking into account the above factors, the Group's loss attributable to owners of the parent during the Reporting Period is expected to be between RMB20 million and RMB90 million, as compared with a profit of RMB113 million for the corresponding period last year. However, the loss during the Reporting Period is expected to be significantly reduced as compared with the loss for the fourth quarter of 2018.

With the Group's strategic transformation entering into a critical stage, the Group's new business began to take its initial shape. The Group is positive to inaugurate a retail era with GOME's characteristics. The Group will also take physical stores and ME Shop as the core of its low-cost traffic gateways, making the GOME APP as a centralized platform for traffic collection and distribution, in order to have the three terminals to share traffic, tools and scenarios with each other and to realize online and offline integration. With the new market, new business and new technology as the important pillars for growth, the Group is committed to transforming itself into a "Home • Living" integrated home solution, service solution and supply chain provider in pursue of providing better shareholder value.

The information contained in this announcement is only based on the preliminary review by the Company's management and is not based on any figures or information that has been audited or reviewed by the auditor or the audit committee of the Company. Such information is subject to finalization and if the finalized information differs significantly from the estimation set forth in this announcement, the Company will provide updates on a timely basis. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the Reporting Period which is expected to be published by the end of May 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 April 2019

As at the date of this announcement, the Board of the Company comprises Mr. Zou Xiao Chun as executive director; Mr. Zhang Da Zhong, Ms. Huang Xiu Hong and Mr. Yu Sing Wong as non-executive directors; and Mr. Lee Kong Wai, Conway, Ms. Liu Hong Yu and Mr. Wang Gao as independent non-executive directors.

* *For identification purpose only*