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 (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors (the "**Board**") of the Company hereby notifies shareholders and potential investors of the Company that during the year ended 31 December 2020 (the "**Reporting Period**"), with a consistent focus on the "Home • Living" strategy and based on the model of local retail, the Group developed high-frequency, dual platforms with online and offline interaction for multi scenarios. Faced with the challenges from the coronavirus pandemic (the "**COVID-19**"), the Group fully leveraged on its resources and capabilities throughout its operation covering the supply chain, communities, logistics and services delivery, bringing high quality and low price products and services to consumers across the country. The Group currently has more than 2,800 physical stores nationwide, all of which adopt the "one store, one page" online and offline operation model. The number of members exceeds 200 million with the number of communities close to 1 million.

In 2020, the outbreak of the COVID-19 pandemic caused disruption to many industries in China, the Group's business was also affected. Based on the preliminary review of the latest management accounts of the Group, the sales revenue of 2020 is expected to decline by approximately 23% to 29% compared with the corresponding period last year. The Group's loss attributable to owners of the parent during the Reporting Period is expected to be between RMB6,500 million and RMB7,200 million (including goodwill impairment amounted to approximately RMB1,500 million to RMB2,500 million on some businesses which did not meet expectations), compared with a loss of RMB2,590 million for the corresponding period last year. In addition, as of 31 December 2020, the Group's cash and cash equivalents are expected to be approximately RMB10,000 million.

At present, the Group has already completed the online and offline digital transformation and upgrading, and has built an online and offline dual-platform model. Through the integration of internal and external resources and industry's scarce core values, the Group achieved a competitive position through differences. In the future, the Group will continue to comprehensively promote the second phase of the "Home•Living" strategy, open up the rich resources on the platform, strengthen online and offline operations, and meet consumers' desire for a better lifestyle with innovative changes in technology, openness, entertainment, and sharing, and utilizing scenarios and technology to become a redefined digital, social, and entertainment local retail service platform.

The information contained in this announcement is only based on a 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 March 2021.

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

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

Hong Kong, 26 February 2021

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*